

The Gazette of India

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No. 37] NEW DELHI, SATURDAY, SEPTEMBER 16, 1961/BHADRA 25, 1883

NOTICE

The undermentioned Gazettes of India Extraordinary were published upto the 8th September, 1961:—

| Issue No. | No. and Date | Issued by | Subject |
|-----------|--|-----------------------------|---|
| 226. | S. O. 2106, dated 1st September, 1961. | Cabinet Secretariat | Amendments in the Government of India (Allocation of Business) Rules, 1961. |
| 227. | S. O. 2107, dated 1st September, 1961. | Ministry of Finance | Specification of 6th September, 1961 as the prescribed date in relation to the Scheme for the amalgamation of the Satara Swadeshi Commercial Bank Ltd., with United Western Bank Ltd. |
| | S. O. 2108, dated 1st September, 1961. | Do. | Scheme for the amalgamation of the Satara Swadeshi Commercial Bank Ltd., with the United Western Bank Ltd. |
| 228. | S. O. 2109, dated 1st September, 1961 | Election Commission, India. | Designating Electoral Registration Officers for each of the Parliamentary Constituencies of Himachal Pradesh. |
| | S. O. 2110, dated 1st September, 1961 | Do. | Appointing Officers to assist the Electoral Registration Officer for Parliamentary Constituencies of Himachal Pradesh. |
| | S. O. 2111, dated 1st September, 1961. | Do. | Designating Returning Officer for each Parliamentary Constituencies of Himachal Pradesh. |
| | S. O. 2112, dated 1st September, 1961. | Do. | Appointing officers to assist the Returning Officer for the Parliamentary constituencies of Himachal Pradesh. |

| Issue No. | No. and Date | Issued by | Subject |
|-----------|--|---|---|
| 229. | S. O. 2113, dated 4th September, 1961. | Election Commission, India. | Amendments in the Delimitation of Parliamentary and Assembly Constituencies Order, 1956, as respects Kerala State. |
| | S. O. 2114, dated 31st August, 1961 | Do. | Corrigendum to Notification No. 282/MT/61, dated 29th July, 1961 relating to Maharashtra State. |
| 230. | S. O. 2115, dated 4th September, 1961. | Ministry of Information and Broadcasting. | Approval of films specified therein. |
| 231. | S. O. 2116, dated 4th September, 1961. | Election Commission, India. | Amendments in the Delimitation of Parliamentary and Assembly Constituencies Order, 1956, as respects Uttar Pradesh State. |
| 232. | S. O. 2117, dated 4th September, 1961. | Do. | Amendments in the Delimitation of Parliamentary and Assembly Constituencies Order, 1956, as respects State of Madhya Pradesh. |
| 233. | S. O. 2118, dated 4th September, 1961. | Ministry of Commerce and Industry. | Exstending S. R. O. No. 2039, dated 8th September, 1956 for a further period of one Year. |
| 234. | S. O. 2190, dated 7th September, 1961. | Election Commission, India. | Amendments in the Delimitation of Parliamentary and Assembly Constituencies Order, 1956, as respects State of Rajasthan. |
| 235. | S. O. 2191, dated 8th September, 1961. | Do. | Corrigendum to Notification No. 282/My/61, dated 3rd August, 1961, relating to State of Mysore. |

Copies of the Gazettes *Extraordinary* mentioned above will be supplied on indent to the Manager of Publications, Civil Lines, Delhi. Indents should be submitted so as to reach the Manager within ten days of the date of issue of these Gazettes.

PART II—Section 3—Sub-section (ii)

Statutory orders and notifications issued by the Ministries of the Government of India (other than the Ministry of Defence) and by Central Authorities (other than the Administrations of Union Territories).

MINISTRY OF LAW

New Delhi, the 6th September 1961

S.O. 2198.—In exercise of the powers conferred by clause (1) of article 299 of the Constitution, the President hereby makes the following amendment in the notification of the Government of India in the Ministry of Law No. S.O. 2409 dated the 27th September, 1960, relating to the signing and execution of any application, certificate or other document required or permitted by the provisions of the Loan

Agreement No. 262 I N entered into between India and the International Bank for Reconstruction and Development, on the 29th July, 1960, namely:—

In the said notification, after item (v)(a), the following item shall be inserted, namely:—

"(v)(b) The Assistant Accounts Officer, Finance (Loans), Railway Board, New Delhi;"

[No. F. 17(5)/60-J.]

R. S. GAE, Jt. Secy.

MINISTRY OF HOME AFFAIRS

New Delhi, the 11th September 1961

S.O. 2199.—In exercise of the powers conferred by entry 3(b) of the table annexed to Schedule I to the Indian Arms Rules, 1951, the Central Government is pleased to specify Major Nawabzada Mumtaj Ali Khan, real brother of Nawab of Jaora, for the purpose of that entry, and directs that the exemption shall be valid in respect of one gun/rifle and one pistol/revolver.

[No. 16/16/61-P.IV.]

New Delhi, the 16th September 1961

S.O. 2200.—In exercise of the powers conferred by entry 3(b) of the table annexed to Schedule I to the Indian Arms Rules, 1951, the Central Government is pleased to specify Her Highness Nirmala Raje Vitaysinh Bhosle, Dowager Ranisaheba of Akkalkot, for the purpose of that entry, and directs that the exemption shall be valid in respect of one gun/rifle and one pistol/revolver.

[No. 16/17/61-P.IV.]

C. P. S. MENON, Dy. Secy.

CENTRAL BOARD OF REVENUE

CUSTOMS

New Delhi, the 9th September 1961

S.O. 2201.—In exercise of the powers conferred by section II of the Sea Customs Act, 1878 (8 of 1878), as in force in India and as applied to the State of Pondicherry, the Central Board of Revenue hereby makes the following further amendment in its Notification No. 27-Customs, dated the 12th July, 1930, namely:—

In the schedule annexed to the said Notification, in the entries relating to the Port of Cuddalore, wharf No. 5 shall be renumbered as wharf No. 3 and for the entries in Columns 5 and 6 relating to that wharf, the following shall be substituted, namely:—

| 1 | 2 | 3 | 4 | 5 | 6 |
|--|---|---------------------|---|---------------------------------|---|
| Particulars of classes of goods to be dealt with | | | | The manner of dealing with them | |
| All goods | | Landing and shipmen | | | |

[No. 102.]

M. C. DAE, Secy.

CENTRAL EXCISE COLLECTORATE, BARODA

CENTRAL EXCISES

MANUFACTURED PRODUCTS

Baroda, the 24th August 1961

S.O. 2202.—In exercise of the powers conferred on me by Rule 223 of the Central Excise Rules, 1944, I direct that a 'Remarks' column should be added in the 'LOG BOOK', which is returned to be maintained by the manufacturers of Vegetable Non-Essential Oils, working under the Compounded Levy System, under Rule 96-Q(3)(a) of the Central Excise Rules, 1944.

2. In the 'Remarks' column of the Log Book, manufacturers should record actual time of stoppage of each equipment, namely expeller, rotary, etc., and the reasons for its stoppage.

[No. 4/1961.]

R. PRASAD, Collector

OFFICE OF THE ASSISTANT COLLECTOR OF CENTRAL EXCISE, GOA
FRONTIER DIVISION BELGAUM

NOTICES

Belgaum, the 2nd September, 1961

S.O. 2203.—Whereas it appears that the goods as mentioned in the under mentioned table seized in the vicinity of the Indo-Goa border, were imported from Goa (Portuguese possession in India) in contravention of the Rules and notification as mentioned below;

| Sl. No. | Date & Place of seizure | By whom detected | Description of goods | Qty. | Rules contravened |
|------------|---------------------------------------|------------------------|-------------------------|---------------------------------------|--|
| 1 | 2-7-1961 At; Baknur Dist: Belgaum. | S.R.P.F. II Sambre. | Press-studs. | 43-bundles containing 2064- cards. | Sec. 5(1) of the Land Cus. Act, 1924 and Govt. of India Ministry of Commerce and Industry, Import Control Order No. 17/55, dt. 7-12-55 amended and issued under Sec. 3 of the Imports and Exports Control Act, 1947 & deemed to have been issued under Sec. 19 of the S. C. Act, 1878. |

2. Now, therefore, any person claiming the goods is hereby called upon to Show Cause to the Asstt. Collector of C. Ex., Land Customs Goa Frontier Division, Belgaum why the above mentioned goods should not be confiscated under section 5(3) of the Land Customs Act 1924 read with Sec. 167(3) of the Sea Customs Act 1878 and why a penalty should not be imposed on him under Section 7(1)(c) of the Land Customs Act 1924 read with Section 167(3) of the Sea Customs Act 1878.

3. If such an owner fails to turn up to claim the above mentioned unclaimed goods or to Show Cause against the action proposed to be taken within 10 days from the date of issue of notice in the Govt. of India Gazette, the goods in question will be treated as unclaimed and the case will be decided accordingly.

[No. VIII(b)10-187/61.]

Belgaum, the 4th September 1961

To

Shri Shaikh Hussain Shaikh Kasim of Panjin Goa.

S.O. 2204.—Whereas a notice to Show Cause issued to you under the Land Customs Act 1924, and Foreign Exchange Regulation Act, 1947, is pending in the office of the undersigned, you are requested to take delivery of the said notice on any working day within ten days from the date of publication of this intimation failing which the case will be decided *ex parte*.

[No. VIII(b)10-117/61.]

S.O. 2205.—Whereas it appears that the goods as mentioned in the under mentioned table seized in the vicinity of Indo-Goa were imported by Land from India to Goa (Portuguese possessions in India) in contravention of the Rules and Notifications as mentioned against each.

| S. No. | Date & place of seizure | By whom detected | Description of goods | Quantity | Rules contravened |
|--------|--|-----------------------------|---|--|--|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 182/61 | 28-6-1961 In S. T. Bus No. BYW 1708 at Amboli stand Tal: Sawnwadi. | Inspr. C. Ex., F.S. Amboli. | (i) Nutmegs (ii) Cloves (iii) Dalchini (iv) Sweeps & Sup (v) Tins (vi) cloth bag (vii) Old curtain cloth' | 28 lbs. 22 lbs. 2 lbs. 3 2 1 1 pc. | Section 5(1) of Land Custom Acts, 1924 the Govt. of India, Ministry of Commerce & Industry Import (Control) Order No. 17/55 dt. 7-12-55 issued under Section 3 and 4-A of the Import & Export Control Act, 1947 and further deemed to have been issued under Section 19 of the Sea-Custom Act, 1878. |

2. Now, therefore, any person claiming the goods is hereby called upon to show cause to the Asstt. Collector of Central Excise and Land Customs, Goa Frontier Division, Belgaum why the above mentioned goods should not be confiscated under Section 5(3) of the Land Customs Act, 1924, read with Section 167(8) and 168 of the Sea Customs Act, 1878, and why a penalty should not be imposed on him under Section 7(1)(c) of the Land Customs Act, 1924, read with Section 167(8) of the Sea Customs Act, 1878.

3. If such an owner fails to turn up to claim the above mentioned unclaimed goods or to show cause against the action proposed to be taken within 30 days from the date of publication of this notice in the Government of India Gazette, the goods in question will be treated as unclaimed and the case will be decided accordingly.

[No. VIII(b)10-182/61.]

Belgaum, the 7th September 1961

To

Shrimati Mahimatbi Sk. Hassan Shaikh,
Panjim, Goa.

S.O. 2206.—Whereas a notice to Show Cause issued to you under the Land Customs Act, 1924, and Foreign Exchange Regulation Act, 1947 is pending in the office of the undersigned, you are requested to take delivery of the said notice on any working day within ten days from the date of publication of this intimation failing which the case will be decided *ex parte*.

[No. VIII(b)10-101/61.]

E. R. SRIKANTIA, Asstt. Collector.

**CENTRAL EXCISE COLLECTORATE,
MADRAS**

CENTRAL EXCISE

Madras, the 4th September, 1961

S.O. 2207.—In exercise of the powers conferred on me under Rule 50 of the Central Excise Rules, 1944, I hereby direct that all manufacturers of Patent or Proprietary medicines licensed in form L.4. shall *not* remove from the approved premises any non-excisable medicines except under cover of a Gate Pass in the form annexed*

2. The Gate Pass should be made out by the manufacturer or his authorised agent in *duplicate* and presented to the Central Excise Officer in-charge of the Factory at least 12 hours before the intended removal of the goods. The aforesaid Central Excise Officer will after due verification of the goods, countersign both the copies of the Gate Pass and permit the removal of the goods under the *original* copy, retaining the *duplicate* with him for his record.

3. Where the removal of non-excisable medicines from factories *not* having a resident Central Excise Officer is urgently required and cannot await the visit of the Central Excise Officer, the goods may be removed under the cover of the Gate Pass duly signed by the manufacturer or his authorised agent and *not* countersigned by the Central Excise Officer-in-charge of the Factory. In all such cases, the *duplicate* copies of the Gate Passes shall be presented to the Central Excise Officer during his next visit to the factory for verification with the relevant documents/records.

***FORM**

Gate Pass for Non-Excisable medicines.

Serial No.

To

The Central Excise Officer,
..... Factory.

Date:

Please authorise under Rule 50 of the Central Excise Rules, 1944 removal of the following non-excisable goods:—

- (1) Description of goods: -
- (2) No. & description of packages/containers:
- (3) Marks & Nos. on packages/containers:
- (4) Contents of packages/containers in weight/volume/Numbers:
- (5) Name and address of the Consignee:
- (6) Date and time of removal:

Signature of the
Manufacturer/Authorised Agent
Address:

PERMITTED

Signature of the
Central Excise Officer-in-charge
of the factory.

[No. IV/16/122/61 CE (Pol.)]
D. R. KOHLI, Collector.

N.B. Strike out the inapplicable words.

MINISTRY OF COMMERCE AND INDUSTRY

New Delhi, the 7th September 1961

S.O. 2208.—In exercise of the powers conferred by clause (1) of article 299 of the Constitution, the President hereby directs that all contracts and other instruments required to be made in the exercise of the executive power of the Union, in connection with Production Centres at Ettumanoor and Thiruvalla, shall be executed on his behalf by the Director, Production Centre, Ettumanoor.

[No. 21-SSI(C)(50)/59.]

L. G. MIRCHANDANI, Dy. Secy.

New Delhi, the 12th September 1961

S.O. 2209.—The Central Government, having considered in consultation with the Forward Markets Commission, the application for renewal of recognition made under section 6 of the Forward Contracts (Regulation) Act, 1952 (74 of 1952), by The Madhya Pradesh Commercial Exchange Limited, Akola, and being satisfied that it would be in the interest of the trade and also in the public interest so to do, hereby grants, in exercise of the powers conferred by section 6 of the said Act, recognition to the said Exchange for the period from the 16th September 1961 upto the 27th January, 1964 both days inclusive, in respect of forward contracts in cottonseed.

2. The recognition hereby granted is subject to the condition that the said Exchange shall comply with such directions as may from time to time be given by the Forward Markets Commission.

[No. 34(15)-TMP/FMC/58.]

T. S. KUNCHITHAPATHAM, Under Secy.

ORDER

New Delhi, the 6th September 1961

S.O. 2210/IDRA/6/8.—In exercise of the powers conferred by section 6 of the Industries (Development and Regulation) Act, 1951 (65 of 1951), the Central Government hereby appoints the following persons to be members of the Development Council established by the Order of the Government of India, in the Ministry of Commerce and Industry No. S.O. 1006 dated the 1st May, 1961 for the scheduled industries engaged in the manufacture or production of Inorganic Chemicals, till the 30th April, 1963 and directs that the following amendments shall be made in the said Order, namely:—

In paragraph 1 of the said Order, after entry No. 22 relating to Dr. G. S. Kasbekar, the following entries shall be inserted, namely:—

“23. Shri M. Ct. Pethachil, Director, Travancore Rayons Consumers Limited, Rayonpuram, Kerala State.
24. Shri V. G. Rajadhyaksha, Factory Manager, Consumers’ Hindustan Levers Ltd., Garden Reach, Calcutta.

[No. 1(9)IA(IV)/60.]

J. S. BAKHSHI, Under Secy.

(COFFEE CONTROL)

New Delhi, the 11th September, 1961.

S.O. 2211.—In exercise of the powers conferred by sub-section (2) of section 4 of the Coffee Act, 1942 (7 of 1942), read with sub-rule (2) of rule 3 and sub-rule (1) of rule 4 of the Coffee Rules, 1955, the Central Government hereby makes the following amendment in each of the notifications specified in the Schedule below, namely:—

In each of the notifications specified in the Schedule, for the expression “18th September, 1961” the expression “18th September, 1962” shall be substituted.

SCHEDULE

- (1) S.O. 1936, dated the 19th September, 1958;
- (2) S.O. 2081, dated the 1st October, 1958;
- (3) S.O. 2577, dated the 9th December, 1958;
- (4) S.O. 245, dated the 21st January, 1959;
- (5) S.O. 2510, dated the 25th November, 1958;
- (6) S.O. 717, dated the 30th March, 1959;
- (7) S.O. 1543, dated the 1st July, 1959; and
- (8) S.O. 222, dated the 18th January, 1961.

[No. 1(1)Plant(B)/61.]

D. R. SUNDARAM, Dy. Secy

(Indian Standards Institution)

New Delhi, the 1st September 1961

S.O.2212.—In pursuance of sub-regulation (3) of regulation 7 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that the marking fee per unit for Metal Clad Switches details of which are given in the Schedule hereto annexed, has been determined and the fee shall come into force with effect from 15th September, 1961.

THE SCHEDULE

| Sl. No. | Product/Class of Products | No. and title of relevant Indian Standard | Unit | Marking Fee per Unit |
|---------|---------------------------|--|------------|---|
| 1 | Metal Clad Switches | IS: 1567-1960 Specification for Metal Clad Switches (Current rating not exceeding 100 amperes) | One Switch | 15 nP per unit for the switches of capacity 15 amp, 30 amp and 60 amp; 50 nP. per unit of capacity of 100 amp with a minimum of Rs. 2,000.00 for production during a calendar year. |

[No. MD/18:2]

S.O.2213.—In pursuance of sub-rule (1) of rule 4 of the Indian Standards Institution (Certification Marks) Rules, 1955, the Indian Standards Institution hereby notifies that the Standard Mark, design of which together with the verbal description of the design and the title of the relevant Indian Standard is given in the Schedule hereto annexed, has been specified.

This Standard Mark, for the purpose of the Indian Standards Institution (Certification Marks) Act, 1952, and the rules and regulations framed thereunder, shall come into force with effect from 15th September, 1961.

THE SCHEDULE

| Sl. No. | Design of the Standard Mark | Product/Class of Product to which applicable | No. & title of relevant Indian Standard | Verbal description of the design of the Standard Mark |
|---------|---|--|--|--|
| (1) | (2) | (3) | (4) | (5) |
| | IS:1567  | Metal Clad Switches | IS: 1567-1960 Specification for Metal Clad Switches (Current rating not exceeding 100 amperes) | The monogram of the Indian Standards Institution, consisting of letters ISI, drawn in the exact style and relative proportions as indicated in column (2) the number designation of the Standard being super-scribed on the top side of the monogram as indicated in the design. |

[No. MD/17:2]

New Delhi, the 6th September, 1961

S.O. 2214.—In pursuance of sub-regulation (1) of regulation 8 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that ten licences, particulars of which are given in the Schedule hereto annexed, have been granted authorizing the licensees to use the Standard Mark

THE SCHEDULE

| Sl No | Licence No and date | Period of Validity | | Name and Address of the Licensee | Article Process covered by the Licence | Relevant Indian Standard |
|----------|-----------------------|--------------------|---------|--|---|--|
| | | From | To | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| 1 | CM L-330 7-8-1961 | 15-8-61 | 14-8-62 | M/s Murarka Engineering Works, 28/37 Najafgarh Road, Industrial Area, New Delhi | Spring Leaf for Automobile Suspension | IS 1135-1957 Specification for General Requirements for Leaf Springs for Automobile Suspension |
| 2 | CM L-331 10-8-1961 | 15-8-61 | 14-8-62 | M/s Hindustan Tin Works Private Ltd, G T Road, Ghaziabad | (i) Round Paint Tins (ii) Round Vanaspati Tins | IS 1407-1959 Specification for Round Paint Tins IS 1413-1959 Specification for Round Vanaspati Tins. |
| 3 | CM L-332 10-8-1961 | 15-8-61 | 14-8-62 | M/s Tata-Fison Limited, Union Bank Building, Dalal Street, Fort, Bombay-1 | Endrin Emulsifiable Concentrates | IS 1310-1958 Specification for Endrin Emulsifiable Concentrates |
| 4 | CM L-333 24-8-1961 | 1-9-61 | 31-8-62 | M/s Tata-Fison Limited, Pandit Motilal Nehru Road, Jumna Kinara, Agra (U P) | DDT Dusting Powders | IS 564-1955 Specification for DDT Dusting Powders |
| 5 | CM L-334 24-8-1961 | 1-9-61 | 13-8-62 | M/s Ramakrishna Industrials Private Ltd, Peelamedu, Coimbatore | Small AC and Universal Electric Motors with Class 'A' Insulation | IS 996-1959 Specification for Small AC and Universal Electric Motors with Class 'A' Insulation |
| 6 | CM L-335 24-8-1961 | 15-9-61 | 14-9-62 | M/s Alpha Electric & Engineering Co, 30 Calicut Street, Ballard Estate, Bombay-1 | Small AC and Universal Electric Motors with Class 'A' Insulation | IS 996-1959 Specification for Small AC and Universal Electric Motors with Class 'A' Insulation |
| 7 | CM L-336 28-8-1961 | 15-9-61 | 14-9-62 | M/s Devi Dayal Cable Industries Private Ltd, Gupta Mills Estate, Reay Road, Darukhana, Bombay-10 | Enamelled High-Conductivity Annealed Round Copper Wire (Synthetic Enamel) | IS 1595-1960 Specification for Enamelled High-Conductivity Annealed Round Copper Wire (Synthetic Enamel) |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | |
|-----|----------------------|-----|---------|---------|--|--|---|
| 8 | CM/L-337 1-9-1961 | . | 15-9-61 | 14-9-62 | M/s Nahans Foundry Ltd., Nahans, Distt. Sirmaur (Himachal Pradesh) | Small AC and Universal Electric Motors with Class 'A' Insulation | IS:996-1959 Specification for Small AC and Universal Electric Motors with Class 'A' Insulation. |
| 9 | CM/L-338 1-9-1961 | . | 15-9-61 | 14-9-62 | M/s Indo-Asian Traders Pvt. Ltd., S/151 Industrial Area, Jullundur | 15 Ampere Metal Clad Switches | IS:1567-1960 Specification for Metal Clad Switches. |
| 10 | CM/L-339 1-9-1961 | . | 15-9-61 | 14-9-62 | Production Centre for Electric Motors (Govt. of India, Ministry of Commerce & Industry), Tiruvalla, Kerala State | Three-Phase Induction Motors Up to 5 HP | IS:325-1959 Specification for Three-Phase Induction Motors (Revised). |

[No. MD/12:636]

S.O. 2215.—In pursuance of Sub-regulation (1) of regulation 8 of the Indian Standards Institution (Certification Marks) Regulations, 1955, the Indian Standards Institution hereby notifies that eight licences, particulars of which are given in the Schedule hereto annexed, have been renewed.

THE SCHEDULE

| Sl. No. | Licence No. and Date | Period of Validity | | Name and address of the Licensee | Article covered by the Licence | Relevant | Indian Standard |
|------------|-----------------------|--------------------|---------|---|--|--------------------------|--|
| | | From | To | | | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | |
| 1 | CM L-95 4-8-1958 | 15-8-61 | 14-8-62 | The National Electrical Industries, Ltd., Industrial Estate, Lalbaug, Bombay-12 | Three-Phase Induction Motors (1 HP to 10 HP) | IS 325-1959 (Revised). | Specification for Three-Phase Induction Motors (Revised). |
| 2 | CM L-137 3-8-1959 | 17-8-61 | 16-8-62 | The Assam Railways and Trading Company Ltd., Margherita, Assam | Tea-Chest Plywood Panels | IS 10-1953 (Revised). | Specification for Plywood Tea-Chests (Revised). |
| 3 | CM/L-200 15-6-1960 | 15-8-61 | 14-8-62 | M/s Bharat Pulverising Mills Private Ltd., 589 Thiruvottiyur High Road, Madras-19 | DDT Dusting Powders | IS 564-1955 | Specification for DDT Dusting Powders. |
| 4 | CM L-202 15-6-1960 | 15-8-61 | 14-8-62 | M/s Bharat Pulverising Mills Pvt. Ltd., 589 Thiruvottiyur High Rd., Madras-19 | BHC Dusting Powders | IS:561-1958 (Revised.) | Specification for BHC Dusting Powders (Revised.) |
| 5 | CM L-212 25-8-1960 | 1-9-61 | 31-8-62 | M/s Cassava (India), 122B, Raja Dinendra St., Calcutta-4 | Tea-Chest Metal Fittings | IS:10-1953 | Specification for Plywood Tea-Chests (Revised). |
| 6 | CM L-213 25-8-1960 | 1-9-61 | 31-8-62 | M/s Plywood Manufacturers Co-operative Society Ltd., 11 3A, Canal Circular Road, Calcutta | Tea-Chest Plywood Panels | IS:10-1953 | Specification for Plywood Tea-Chests (Revised) |
| 7 | CM/L-214 25-8-1960 | 1-9-61 | 31-8-62 | M/s Albion Plywood Ltd., 11, Clive Row, Calcutta | Commercial (Common) and Moisture-Proof Plywood | IS:303-1960 (Revised). | Specification for Plywood for General Purposes (Revised). |
| 8 | CM/L-216 29-8-1960 | 1-9-61 | 31-8-62 | M/s Fort Gloster Industries Limited, 14, Netaji Subhas Road, Calcutta | Rubber-Insulated Cables and Flexible Cords for Electric Power and Lighting (250 and 660 Volts Grades only) | IS:434-1953 (Tentative). | Specification for Rubber-Insulated Cables and Flexible Cords for Electric Power and Lighting (For Working Voltages Up to and Including 11 kV) (Tentative). |

[No. MD/12:404.]

C. N. MODAWAL,
Deputy Director (Marks).

MINISTRY OF FOOD AND AGRICULTURE

(Department of Agriculture)

New Delhi, the 6th September 1961

S.O. 2216.—In exercise of the powers conferred by sub-rule (2) of rule 11, clause (b) of sub-rule (2) of rule 14 and sub-rule (1) of rule 23 of the Central Civil Services (Classification, Control and Appeal) Rules, 1957, the President hereby directs that the following amendment shall be made in the Schedule to the notification of the Government of India in the late Ministry of Agriculture No. S.R.O. 634-A dated the 28th February, 1957, namely:—

In Part II of the said Schedule, under the heading "Central Mechanised Farm, Suratgarh", for the existing entries in columns 1 to 5, the following entries shall respectively be substituted, namely:—

| Col. 1 | Col. 2. | Col. 3. | Col. 4. | Col. 5. |
|-------------|-------------------------|-------------------------|---------|-------------------|
| "All posts. | Administrative Officer. | Administrative Officer. | All | General Manager." |

[No. 8-39/61-FR.(2284).]

B. R. KAPOOR, Under Secy.

(Department of Agriculture)

Indian Council of Agricultural Research

New Delhi, the 8th September 1961

S.O. 2217.—In pursuance of sub-section (f) of Section 4 of the Indian Oilseeds Committee Act, 1946 (9 of 1946), the Central Government hereby appoint the following persons as members of the Indian Central Oilseeds Committee to represent the oilseeds growers of Uttar Pradesh for a period of three years with effect from the 1st April, 1961:—

1. Col. Lal Singh, Baradari Farm, Bilaspur Block, District Rampur.
2. Shri Nepal Singh, Gandhi Nagar, Meerut.

[No. 8-35/61-Com. II.]

New Delhi, the 11th September 1961

S.O. 2218.—In exercise of the powers conferred by sub-section 4(iv) of section 4 of the Indian Lac Cess Act, 1930, as amended from time to time, the Central Government is pleased to nominate Mr. M. Russell of M/s. Angelo Bros., Cossipore, Calcutta on the Governing Body of the Indian Lac Cess Committee to represent Shellac Manufacturing Industry vice Dr. R. W. Aldis resigned.

[No. 3-12/60-Com.III.]

SANTOKH SINGH, Under Secy.

MINISTRY OF HEALTH

New Delhi, the 6th September 1961

S.O. 2219.—Dr George Patnaik, L.D.Sc. (Cal.), P. Gr. D. (North Western U.S.A.), F.I.C.D. (U.S.A.), Anand Bhavan, Tulsipur, Cuttack-I, has been duly nominated by the Government of Orissa as a member of the Dental Council of India under clause (e) of section 3 of the Dentists Act, 1948 (16 of 1948) with effect from the 15th June, 1961.

[No. F. 3-22/61-MII.]

R. MURTHI, Under Secy.

MINISTRY OF TRANSPORT AND COMMUNICATIONS

(P. & T. Board)

New Delhi, the 8th September, 1961.

S.O. 2220.—In pursuance of para (a) of Section III, of Rule 434 of Indian Telegraphs Rules, 1951, as introduced by S.O. 627, dated the 8th March, 1960, the Director General, Posts and Telegraphs hereby specifies the 1st October, 1961, as the date on which the measured rate system will be introduced in Shahdara Telephone Exchange in the Delhi Telephone system.

[No. 11-10/61-PHC]

RAMA KANT,
Director of Telephones (E)

← (Department of Communications and Civil Aviation)

(P. & T. Board)

New Delhi, the 5th September, 1961

S.O. 2221.—In exercise of the powers conferred by section 7 of the Indian Telegraph Act, 1885 (13 of 1885), the Central Government hereby makes with effect from the 1st October, 1961, the following rules further to amend the Indian Telegraph Rules, 1951, namely:—

1. These rules may be called the Indian Telegraph (Eighth Amendment) Rules, 1961.
2. In the first proviso to rule 361 of the Indian Telegraph Rules, 1951, for the words "one rupee and twelve naye Paise", the words "one rupee and eight naye Paise" shall be substituted.

[No. 2-22/60-R.]

S. R. BANERJEE,
Controller, Telegraph (Traffic).

MINISTRY OF WORKS, HOUSING & SUPPLY

New Delhi, the 1st September 1961

S.O. 2222.—In exercise of the powers conferred by the proviso to article 309 of the Constitution, the President hereby makes the following rules, namely:—

1. **Short title.**—These rules may be called the Reception Officers (Press Security Organisation) Recruitment Rules, 1961.
2. **Application of the Rules.**—These rules shall apply to the post specified in column 1 of the Schedule annexed hereto.
3. **Classification, age limit and method of recruitment.**—The Classification, age limit, the qualifications, the method of recruitment and other matters relating to the post shall be as specified in columns 2 to 14 of the said Schedule. Provided the upper age limit specified in column 9 of the aforesaid Schedule may be relaxed in the case of candidates belonging to the Scheduled Caste, Scheduled Tribes, or displaced persons and other categories of persons in accordance with general orders issued by the Government of India from time to time.

4. **Disqualifications.**—(a) No person who has more than one wife living or who having a spouse living, marries in any case in which such marriage is void by reasons of its taking place during the life-time of such spouse shall be eligible for appointment to the post; and

(b) no woman whose marriage is void by reason of the husband having a wife living at the time of such marriage or who has married a person who has a wife living at the time of such marriage, shall be eligible for appointment to the post.

Provided that the Central Government may, if satisfied that there are special grounds for so ordering, exempt any person from the operation of this rule.

SCHB

| Name of post | Classification—whether Gazetted or Non-Gazetted, whether Ministerial or Non-Ministerial | Scale of pay | Selection or non-selection | Percentage of posts to be filled by promotion | | | |
|--------------------|---|--|----------------------------|---|---------------------------------|---------------------------------|--|
| | | | | Direct recruitment | By <i>cum-fitness</i> Selection | Seniority-cum-fitness Selection | Transfer |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Reception Officer. | 1. Class III 2. Non-gazetted 3. Non-Ministerial | Rs. 130—5—160— 8—200—EB —256—EB— 8—280—10— 300. | .. | .. | .. | .. | 100%; failing suitable candidates by direct recruitment. |

DULE

| Age Limit | Educational and other qualifications required | Period of probation, if any | For promotion/ Transfer only | Grades/ Source | Remarks |
|---|---|-----------------------------|------------------------------|-----------------------------|---------|
| 9 | 10 | 11 | 12 | 13 | 14 |
| 19 to 23 years. (relaxable in respect of Sched- uled Castes and Sche- duled Tri- bes and Displaced persons and other special categorles in accorda- nce with the general orders issued by the Govt. of India from time to time.) | *Intermediate/ Senior Cambridge/ Higher Secondary Certificate or equivalent qualifi- cations, with good personality and ability to converse in English and Hindi. | Two years. | No. | Upper Di- vision Clerks. | |

[No. 24/73/60. S&PI]

M. N. KALE, Under Secy.

MINISTRY OF IRRIGATION AND POWER

New Delhi, the 4th September, 1961

S.O. 2223.—In partial modification of the notification of the Government of India in the Ministry of Irrigation and Power, S.O. No. 1286, dated the 14th May, 1960, as subsequently amended by their S.O. No. 1432, dated the 27th May, 1960, the Central Government hereby nominates Shri S. S. L. Kakkar, Joint Secretary, Ministry of Defence, New Delhi, as a Member on the Central Electricity Board vice Shri M. G. Kaul.

[No. EL. II-33(37)/61.]

N. S. VASANT,
Officer on Special Duty.

MINISTRY OF REHABILITATION

(Office of the Chief Settlement Commissioner)

New Delhi, the 4th September, 1961.

S.O. 2224.—Whereas the Central Government is of opinion that it is necessary to acquire the evacuee properties in the State of Delhi specified in the Schedule below for a public purpose, being a purpose connected with the relief and rehabilitation of displaced persons, including payment of compensation to such persons.

Now, therefore, in exercise of the powers conferred by section 12 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954 (44 of 1954), it is notified that the Central Government has decided to acquire, and hereby acquire the said evacuee properties (specified in the Schedule below):—

THE SCHEDULE

| Sl. No. " Particulars of evacuee property. | Name of the town and locality in which the evacuee property is situated. | Name of evacuee. |
|--|--|---|
| 1. 1V/515/1353 . | Kuch Ustad Hamid, Delhi. | Shri Aziz Ahmed. |
| 2. 1X/1400/2312 | Chhata Mongran, Bazar Chitli Kabar, Delhi. | Heirs of Mst. Janula Khatoon of Nur Mohammad. |
| 3. 1X/1235/2061-62. | Gali Qutabud-Din, Bazar Sita Ram, Delhi. | Shri Manzoor Ahmed son of Bashir Ahmed. |
| 4. 1X/2146—52/3741-45 (Part) (New) | Churiwala, Delhi. | Mst. Khatoon Zamani. W/o Haji Syed Abdul Majid. |

[No. 13(2)/Comp-& Prop. 61.]

New Delhi, the 5th September 1961

S.O. 2225.—Whereas the Central Government is of opinion that it is necessary to acquire the evacuee properties specified in the Schedule hereto annexed, in the State of Maharashtra for a Public purpose, being a purpose connected with the relief and rehabilitation of displaced persons, including payment of compensation to such person;

Now, therefore, in exercise of the powers conferred by section 12 of the Displaced Persons (Compensation & Rehabilitation) Act, 1954 (44 of 1954), it is notified that the Central Government has decided to acquire, and hereby acquires, the evacuee properties specified in the said Schedules (I & II).

THE SCHEDULE I

| Sr. No. | Particulars of the property | | | | Name of the town/locality in which property is situated | Name of the evacuee |
|-------------------------|-----------------------------|----------|--------------------|-------------------------------|---|---------------------|
| 1 | (2) | (3) | (4) | | | |
| I. Agr. land Survey No. | 8 Hissa 1 | Area | 0—25 Ghuntas. | Taluka Atibag, Distt. Kolaba. | Shri Usman Dandane Khandale. | |
| 2. Do. | 31 Nil. | ,, | Acres 3—5 Ghuntas. | Do. | Shri Amir Kassim Aga of Zirad. | |
| 3. Do. | 142 | ,, I | ,, | A G U 11 28 0 | Do. | Do. |
| 4. Do. | 21 | ,, I | ,, | 0 3 0 | Village Dhari- | 1. Bhaimiya |
| 5. Do. | 24 | ,, I | ,, | 0 1 4 | vali, Taluka | Nuruddin Isane |
| 6. Do. | 23 | ,, I | ,, | 0 5 0 | Poladpur, | (dead) |
| 7. Do. | 17 | ,, I | ,, | 0 19 0 | Distt. Kolaba. | 2. Abdul Haji |
| 8. Do. | 19 | ,, I | ,, | 0 7 0 | | 3. Abdul Miya Isnae |
| 9. Do. | 95 | ,, 4 | ,, | 0 23 8 | Village Kaja- | 3. Abdul Latif |
| 10. Do. | 92 | ,, 2 | ,, | 0 6 0 | vali, Taluka | Haji Miva Isnae |
| | | | | | Poladpur, Distt. | Do. |
| II. Do. | 4 | ,, 3 & 4 | ,, | I 32 8 | Village Havare, | Do. |
| | | | | | Taluka Polad- | |
| | | | | | pur, Distt. | |
| | | | | | Kolaba. | |
| 12. Do. | 132A | ,, 3 | ,, | 0 21 0 | Village Kamble | Shri B. N. Isane. |
| 13. Do. | 14 | ,, I | ,, | I 5 4 | Turf, Taluka | |
| 14. Do. | I | ,, nil | ,, | 2 8 0 | Mahad, Distt. | |
| 15. Do. | 2 | ,, 3 | ,, | 2 21 0 | Kolaba. | |
| 16. Do. | 4 | ,, 6 | ,, | 2 22 12 | | |
| 17. Do. | 5 | ,, I | ,, | 5 37 0 | | |
| 18. Do. | 7 | ,, 0 | ,, | 2 34 0 | | |
| 19. Do. | 10 | ,, 0 | ,, | 3 0 4 | | |
| 20. Do. | 11 | ,, 2 | ,, | 0 24 0 | | |
| 21. Do. | 12 | ,, 0 | ,, | 4 3 8 | | |
| 22. Do. | 13 | ,, 0 | ,, | 0 28 12 | | |
| 23. Do. | 14 | ,, 2 | ,, | I 5 4 | | |
| 24. Do. | 18 | ,, 0 | ,, | I 20 8 | | |
| 25. Do. | 19 | ,, 0 | ,, | 0 23 4 | | |
| 26. Do. | 22 | ,, 3 | ,, | 0 13 12 | | |
| 27. Do. | 25 | ,, 5 | ,, | 0 19 8 | | |
| 28. Do. | 32 | ,, 3 | ,, | I 6 4 | | |
| 29. Do. | 33 | ,, 0 | ,, | 0 37 0 | | |
| 30. Do. | 34 | ,, 0 | ,, | 0 22 0 | | |
| 31. Do. | 36 | ,, I | ,, | I 19 4 | | |
| 32. Do. | 38 | ,, 0 | ,, | 7 4 12 | | |
| 33. Do. | 30 | ,, 3 | ,, | 0 21 12 | | |
| 34. Do. | 121 | ,, 1 | ,, | I 6 9 0 | | |
| 35. Do. | 122 | ,, I | ,, | I 6 13 0 | | |
| 36. Do. | 122 | ,, 4 | ,, | 0 29 0 | | |
| 37. Do. | 123 | ,, I | ,, | I 2 23 0 | | |
| 38. Do. | 124 | ,, I | ,, | 22 21 0 | | |
| 39. Do. | 20 | ,, 3 | ,, | I 0 12 | | |
| 40. Do. | 26 | ,, 7 | ,, | I 2 8 | Village Achloti, | Do. |
| | | | | | Taluka Mahad, | |
| | | | | | Distt. Kolaba. | |

| | | | 1 | 2 | | 3 | 4 |
|-----|------------------|-----|-------|----|------|---------|---------------------------------|
| 41. | Agr. Land Survey | 115 | Hissa | 9 | Area | 0 9 12 | |
| 42. | Do. No. | 6 | " | 3 | " | 0 5 0 | |
| 43. | Do. " | 6 | " | 5 | " | 0 3 0 | Village Kalij, Shri B.N. Iasne, |
| 44. | Do. " | 8 | " | 4 | " | 6 5 0 | Taluka Mahad, |
| | | 10 | " | 1 | " | 4 15 0 | Distt. Kolaba. |
| | | 9 | " | 1 | " | 4 1 0 | |
| 45. | Do. " | 44 | " | 1 | " | Nil. | |
| 46. | Do. " | 44 | " | 2 | " | 0 37 4 | |
| 47. | Do. " | 44 | " | 3 | " | 0 17 0 | |
| 48. | Do. " | 44 | " | 6 | " | 1 21 0 | Village Kamble. Do. |
| 49. | Do. " | 46 | " | 7 | " | 0 8 0 | T. Bhirwadi, |
| 50. | Do. " | 48 | " | 3 | " | 0 29 8 | Taluka Mahad, |
| 51. | Do. " | 48 | " | 4 | " | 1 21 12 | Distt. Kolaba, |
| 52. | Do. " | 62 | " | 3 | " | 5 24 0 | |
| 53. | Do. " | 84 | " | 7 | " | 1 8 0 | |
| 54. | Do. " | 100 | " | 15 | " | 5 30 0 | |
| 55. | Do. " | 46 | " | 1A | " | 27 30 0 | |
| 56. | Do. " | 24 | " | 5 | " | 1 3 0 | Village Kan- |
| 57. | Do. " | 24 | " | 3 | " | 0 33 0 | burli, |
| 58. | Do. " | 15 | " | 1 | " | 1 7 12 | Taluka Mahad, |
| 59. | Do. " | 19 | " | 4 | " | 0 35 0 | Distt. Kolaba. |
| 60. | Do. " | 14 | " | 10 | " | 1 2 0 | |
| 61. | Do. " | 20 | " | 1 | " | 2 29 0 | |
| 62. | Do. " | 22 | " | 4 | " | 1 7 0 | |
| 63. | Do. " | 26 | " | 1 | " | 3 20 8 | |
| 64. | Do. " | 23 | " | 3 | " | 1 11 12 | |
| 65. | Do. " | 27 | " | 2 | " | 0 12 6 | |
| 66. | Do. " | 14 | " | 2 | " | 1 2 0 | |
| 67. | Do. " | 27 | " | 5 | " | 1 11 8 | |
| 68. | Do. " | 24 | " | 3 | " | 0 33 0 | |
| 69. | Do. " | 44 | " | 8 | " | 0 20 0 | |
| 70. | Do. " | 36 | " | 1 | " | 0 27 0 | |
| 71. | Do. " | 69 | " | 4 | " | 0 22 0 | |
| 72. | Do. " | 164 | " | 0 | " | 2 7 4 | |
| 73. | Do. " | 68 | " | 6 | " | 1 17 4 | |
| 74. | Do. " | 113 | " | 13 | " | 2 39 0 | |
| 75. | Do. " | 119 | " | 14 | " | 1 28 0 | |
| 76. | Do. " | 58 | " | 4 | " | 1 24 4 | |
| 77. | Do. " | 66 | " | 2 | " | 1 9 0 | |
| 78. | Do. " | 75 | " | 3 | " | 1 16 8 | |
| 79. | Do. " | 87 | " | 0 | " | 1 1 8 | |
| 80. | Do. " | 59 | " | 2 | " | 0 10 12 | |
| 81. | Do. " | 76 | " | 5 | " | 0 25 4 | |
| 82. | Do. " | 70 | " | 0 | " | 0 25 12 | |
| 83. | Do. " | 67 | " | 2 | " | 0 37 0 | |
| 84. | Do. " | 87 | " | 0 | " | 1 1 9 | |
| 85. | Do. " | 126 | " | 5 | " | 3 6 0 | Village Adi, Shri Md. Sayad |
| 86. | Do. " | 99 | " | 13 | " | 2 36 0 | Taluka Mahad Md. Ibrahim and |
| 87. | Do. " | 58 | " | 2 | " | 0 19 0 | Distt., Kolaba. Abdul Kadir |
| 88. | Do. " | 62 | " | 1 | " | 1 9 8 | Md. Ibrahim |
| 89. | Do. " | 114 | " | 20 | " | 4 10 0 | Sarkhot. |
| 90. | Do. " | 78 | " | 0 | " | 1 33 12 | |
| 91. | Do. " | 55 | " | 0 | " | 1 6 4 | |
| 92. | Do. " | 170 | " | 0 | " | 1 1 12 | |
| 93. | Do. " | 73 | " | 0 | " | 1 6 0 | |
| 94. | Do. " | 71 | " | 2 | " | 1 0 4 | |
| 95. | Do. " | 69 | " | 3 | " | 0 18 8 | |
| 96. | Do. " | 25 | " | 2 | " | 0 22 12 | |
| 97. | Do. " | 126 | " | 6 | " | 0 15 0 | |
| 98. | Do. " | 100 | " | 11 | " | 2 0 0 | |

| I | 2 | 3 | 4 |
|---------------------|---------------------|---------|--|
| Agr. Land and S.No. | Hissa Area | A. G.U. | |
| 99. | Do. 68 3 „ | 0 0 0 | |
| 100. | Do. 65 1 „ | 0 32 4 | |
| 101. | Do. 127 3 „ | 3 24 0 | |
| 102. | Do. 79 1 „ | 0 20 0 | |
| 103. | Do. 74 0 „ | 0 34 8 | |
| 104. | Do. 114 8A + 10B | 3 12 0 | |
| 105. | Do. 12 1 „ | 1 3 0 | Village Nand- |
| 106. | Do. 18 20 „ | 0 94 0 | gaon Taluka, |
| 107. | Do. 7 1 „ | 0 234 0 | Mahad, Distt. Kolaba. |
| 108. | Do. 49 3 „ | 0 2 4 | Village Devghar |
| 109. | Do. 48 2 „ PK | 0 4 0 | Taluka Shai- wardhan Dist. Adam Bandri. |
| 110. | Do. 2 5 area PK | 3 39 0 | Village Khar- |
| 111. | Do. 5 1 area PK | 2 2 0 | het Taluka Shriwardhan |
| 112. | Do. 6 4 area PK | 9 9 0 | Dist. Kolaba. |
| 113. | Do. 19 2 „ | 0 23 0 | Village Bhoste |
| 114. | Do. 91 19 „ | 0 10 0 | Taluka Shri- |
| 115. | Do. 97 5 „ PK | 1 18 0 | wardhan Distt. Kolaba. |
| 116. | Do. 94 3 „ | 0 14 8 | Village Birwadi |
| | | | Taluka Roha, Dist. Kolaba. |
| 117. | Do. 85 5 „ | 1 28 8 | |
| 118. | Do. 88 0 „ | 0 22 8 | |
| 119. | Do. 60 3 „ | 0 8 8 | Village Shenwai |
| 120. | Do. 50 5A „ | 0 7 0 | Taluka Roha |
| 121. | Do. 135 13 „ | 3 33 0 | Dist. Kolaba. |
| 122. | Do. 148 3 „ | 5 31 0 | |
| 123. | Do. 133 1 „ | 2 8 0 | |
| 124. | Do. 152 9B „ | 0 10 0 | |
| 125. | Do. 243 1 „ | 0 4 0 | |
| 126. | Do. 233 0 „ | 0 3 0 | |
| 127. | Do. 52 0 „ | 2 37 8 | Village Khai- |
| 128. | Do. 34 0 „ | 1 16 12 | rala Taluka Roha, Distt. Roha. |
| 129. | Do. 151 4&5A „ | 2 15 12 | Village Roha, |
| 130. | Do. 152 1&2 „ | 3 35 4 | Taluka Roha. |
| 131. | Do. 33 2&3 „ | 1 17 4 | Village Khari |
| 132. | Do. 33 4 „ | 0 23 12 | Taluka Roha. |
| 133. | Do. 31 5 „ | 2 4 0 | |
| 134. | Do. 10 1 „ | 2 31 12 | |
| 135. | Do. 8 5 „ | 1 5 12 | Village Nadwali |
| 136. | Do. 76 10 „ | 0 16 0 | Taluka Roha. |
| 137. | Do. 1 3 „ | 0 15 4 | Village Varse, |
| 138. | Do. 3 182B „ | 0 20 8 | Taluka Roha, |
| 139. | Do. 4 1 „ | 0 15 0 | Dist. Kolaba. |
| 140. | Do. 23 4& 3 „ | 1 4 0 | Village Varse |
| 141. | Do. 55 2 „ | 1 18 0 | Taluka Roha, Dist. Kolaba. |
| 142. | Do. 23 2 „ | 1 12 0 | Village Khar- |
| 143. | Do. 21 3 „ | 0 21 0 | gaon Taluka, |
| 144. | Do. 59 4 „ | 0 23 12 | Roha, Distt. Kolaba. |
| 145. | Do. 47 2 „ | 0 24 4 | |
| 146. | Do. 36 5 „ | 0 10 12 | |

| I | 2 | 3 | 4 |
|------|----------------------|------------|---|
| | Agr. land and S. No. | Hissa area | A .G U. |
| 147. | Do. | 119 0 | 0 24 12 } Village Roha, |
| 148. | Do. | 178 2 | 0 14 4 } Taluka Roha, |
| | | ,, | Dist. Kolaba. |
| 149. | Do. | 14 1 | 0 39 12 } Village Nivi, |
| 150. | Do. | 3 2&2A | 3 16 0 } Taluka Roha, |
| | | ,, | Distt. Kolaba. |
| 151. | Do. | 10 1 | 2 14 0 } Karjat (Poshane Shri Abdul |
| 152. | Do. | 12 1 | 2 22 0 } Dist. Kolaba. Razak |
| 153. | Do. | 213 1 | 2 14 0 } Mohamad Ajim Kuvari of Badlapur. |
| 154. | Do. | 1 3 | 0 39 8 } Taluka Nikhop Do. |
| 155. | Do. | 1 6 | 0 3 8 } Dist. Kolaba. |
| 156. | Do. | 2 4 | 0 29 8 } |
| 157. | Do | 3 4 | 0 2 0 } |
| 158. | Do. | 3 5 | 0 3 0 } Taluka Nikop, Shri Abdul Ra- |
| 159. | Do. | 3 6 | 0 2 0 } Dist. Kolaba. zak Mohamad |
| 160. | Do. | 5 15 | 0 8 0 } |
| 161. | Do. | 24 5 | 0 34 0 } |
| 162. | Do. | 38 0 | 0 4 0 } |
| 163. | Do. | 232 13 | 1 10 0 } Taluka Poshir, Do. |
| 164. | Do. | 940 1 | 0 7 0 } Dist. Kolaba. |
| 165. | Do. | 299 3 | 0 20 4 } |
| 166. | Do. | 317 1 | 1 5 4 } |
| 167. | Do. | 319 3 | 5 25 0 } |
| 168. | Do. | 3 1 | 2 23 0 } |
| 169. | Do. | 6 6 | 0 19 12 } |
| 170. | Do. | 6 8 | 0 8 4 } |
| 171. | Do. | 14 6 | 1 9 0 } Taaluka Pohit, Do. |
| 172. | Do. | 17 14 | 2 19 0 } Dist. Kolaba. |
| 173. | Do. | 18 5 | 0 29 0 } |
| 174. | Do. | 20 12 | 0 4 0 } |
| 175. | Do. | 22 5 | 1 5 0 } |
| 176. | Do. | 22 10 | 2 31 0 } |
| 177. | Do. | 23 1 | 0 14 0 } |
| 178. | Do. | 24 1 | 0 37 0 } |
| 179. | Do. | 25 1 | 3 77 0 } |
| 180. | Do. | 25 3 | 0 6 0 } Taluka, Karjat, Do. |
| 181. | Do. | 51 4 | 0 1 0 } Dist. Kolaba. |
| 182. | Do. | 32 2 | 4 35 8 } |
| 183. | Do. | 34 1 | 3 13 0 } |
| 184. | Do. | 42 1 | 0 18 0 } |
| 185. | Do. | 44 3 | 0 31 0 } |
| 186. | Do. | 44 7 | 2 18 0 } |
| 187. | Do. | 52 5 | 0 25 8 } |
| 188. | Do. | 54 12 | 0 4 4 } |
| 189. | Do. | 52 7 | 0 10 0 } |
| 190. | Do. | 52 2 | 0 12 12 } |
| 191. | Do. | 50 20 | 0 13 0 } Taluka Karjat, Do. |
| 192. | Do. | 50 17 | 0 3 0 } (Manivali) |
| 193. | Do. | 38 2 | 1 12 0 } |
| 194. | Do. | 34 13 | 1 5 0 } |
| 195. | Do. | 33 6 | 0 31 12 } |
| 196. | Do. | 32 3 | 1 5 12 } |
| 197. | Do. | 25 3 | 0 21 0 } |
| 198. | Do. | 24 2 | 0 3 8 } |
| 199. | Do. | 13 7 | 0 23 0 } |
| 200. | Do. | 31 nil | 7 15 4 } Village Harsh Shri Mohamed |
| | | PK | 0 13 4 } Chandra Pim- |
| 201. | Do. | 32 nil | area 3 22 8 } pale Taluka Akbar Mohamed |
| | | PK | 0 13 8 } Uran, Dist. Ibrahim |
| | | | Tungekar. Kolaba. |

| I | 2 | 3 | 4 |
|----------------------|------------|------------------|---|
| Agr. land and S. No. | Hissa area | A.G.U. | |
| 202. | Do. | 1 nil | |
| 203. | Do. | 3-1 " " | area 0 3 0 } 2 18 0 } } Konlshat Pohi Taluka Uran, Dist. Kolaba. |
| 204.. | Do. | 34 3 " | 0 5 0 } |
| 205. | Do. | 186 2 " | 0 7 0 } Village Jasai, |
| 206. | Do. | 66 1 " | 3 39 8 } Taluka Uran, |
| 207. | Do. | 67 1 " | 4 17 0 } Dist. Kolaba. |
| 208. | Do. | 69 .. " | 0 22 12 } |
| 209. | Do. | 187 1 " | 0 25 4 } |
| 210. | Do. | 79 1 " | 3 22 12 } |
| 211. | Do. | 80 1 " | 1 18 4 } Village Pagote, |
| 212. | Do. | 133 1 " | 3 32 4 } Taluka Uran, |
| 213. | Do. | 134 .. " | 2 26 10 } Dist. Kolaba. |
| 214. | Do. | 135 .. " | 4 3 12 } |
| 215. | Do. | 136 .. " | 2 15 8 } |
| 216. | Do. | 137 .. " | 5 24 0 } |
| 217. | Do. | 138 nil " | 2 28 0 } |
| 218. | Do. | 139 .. " | 4 7 0 } |
| 219. | Do. | 140 .. " | 4 4 4 } |
| 220. | Do. | 141 .. " | 4 33 12 } |
| 221. | Do. | 142 .. " | 4 28 0 } |
| 222. | Do. | 143 .. " | 4 6 4 } Village Pagote, Shri Mohmad |
| 223. | Do. | 144 .. " | 4 3 8 } Taluka Uran, Akbar Mohmad |
| 224. | Do. | 145 .. " | 4 15 12 } Dist. Kolaba. Ibrahim. |
| 225. | Do. | 146 .. " | Tungekar. |
| 226. | Do. | 147 .. " | 3 28 12 } |
| 227. | Do. | 148 .. " | 3 27 8 } |
| 228. | Do. | 149 .. " | 4 35 12 } |
| 229. | Do. | 150 .. " | 2 28 0 } |
| 230. | Do. | 151 .. " | 2 14 0 } |
| 231. | Do. | 152 .. " | 3 8 0 } |
| 232. | Do. | 153 .. " | 4 7 8 } |
| 233. | Do. | 154 .. " | 1 34 8 } |
| 234. | Do. | 155 .. " | 1 37 0 } |
| 235. | Do. | 156 .. " | 2 17 8 } |
| 236. | Do. | 157 .. " | 3 33 12 } |
| 237. | Do. | 158 .. " | 5 15 0 } |
| 238. | Do. | 159 .. " | 4 11 4 } |
| 239. | Do. | 160 .. " | 4 13 0 } |
| 240. | Do. | 161 .. " | 2 24 8 } |
| 241. | Do. | 162 .. " | 3 23 4 } |
| 242. | Do. | 163 .. " | 2 19 0 } |
| 243. | Do. | 164 .. " | 4 30 8 } |
| 244. | Do. | 165 .. " | 4 1 8 } |
| 245. | Do. | 50 nil " | 3 2 12 } Village Pirkonde Sh. Abdul |
| | | 50-1 .. 2/3share | Taluka Uran, Jaffar Mohmed |
| | | | Dist. Kolaba. Sayed Pathan. |

SCHEDULE II

| Sl. No. | Particulars of property | Name of the Town/Locality in which the property is situated | Name of the evacuee |
|---------|-------------------------|---|---------------------|
|---------|-------------------------|---|---------------------|

| I | 2 | 3 | 4 |
|---|---|---|---|
|---|---|---|---|

| | | | |
|---|--|--------------------------------|---------------------------------------|
| 1 | Residential House C.I. S. No. 198 (Urban). | Mahad, Taluka District Kolaba. | Mahad Shri Bhai Miya Marruddin Isane. |
|---|--|--------------------------------|---------------------------------------|

| 1 | 2 | 3 | 4 |
|---|--|--|---|
| 2 | Residential House (Rural) | Village Kalinje, Taluka Shri Hassan Gadkari. | Mahmad |
| | | Shriwardhan, Dist. Kolaba. | Gadkari. |
| 3 | Residential House in Gaothan (Rural). | Do. | Shri Usman Ibrahim Aujan-welkar. |
| 4 | Residential House C.T.S. No. 50 M.H. No. 736 (Urban). | Roha, Taluka Roha, Dist. Kolaba. | Shri Abbas Ibrahim Yerunkar. |
| 5 | Residential House C.T.S. No. 68 M.H. No. 562 (Urban). | Do. | Do. |
| 6 | Residential House C.T.S. No. 166, B. 167 M.H. No. 873 (Urban). | Do. | Do. |
| 7 | Residential House No. 3 (Rural). | Astarni Taluka Roha Dist. Kolaba. | Shri Mohammed Shaik Adam Nadkar. |
| 8 | Two residential House (Rural) | Village Nhavé, Taluka Roha, Dist. Kolaba. | Shri Abdul Kadir Dawood and Abdul Kadir <i>alias</i> Shaik Abdulla Hassah Miya Halde. |
| 9 | Plot for House (Rural) | Village Talawada, Taluka Roha, Dist. Kolaba. | Shri Mahamed Sayyed Miya Khatili. |

[No. 5(6)/61-Land & Rent.]

M.J. SRIVASTAVA,
Settlement Commissioner & Ex-
officio Under Secy.

DELHI DEVELOPMENT AUTHORITY

New Delhi, the 7th September 1961

S.O. 2226.—In exercise of the powers conferred by section 57 of the Delhi Development Act, 1957 (61 of 1957), the Delhi Development Authority hereby makes, with the previous approval of the Central Government, the following regulations, namely:—

REGULATIONS RELATING TO SALARIES, ALLOWANCES AND CONDITIONS OF SERVICE

PART I.—GENERAL

1. Short title and commencement.—(1) These Regulations may be called the Delhi Development Authority (Salaries, Allowances and Conditions of Service) Regulations, 1961.

(2) These shall come into force at once

2. Definitions.—In these regulations, unless the context otherwise requires,—

- (1) "Act" means the Delhi Development Act, 1957.
- (2) "Authority" means Delhi Development Authority constituted under section 3.
- (3) "Chairman" means the Administrator of Union Territory of Delhi, *ex-officio*, appointed under clause (a) of sub-section (3) of section 3.
- (4) "Disciplinary Authority" in relation to the imposition of a penalty on a member of the service, means the authority competent under these regulations to impose on him that penalty.
- (5) "Schedule" means the Schedule to these Regulations.
- (6) "Section" means a section of the Act.

(7) "Service" means Delhi Development Service.

(8) "Vice-Chairman" means the Vice-Chairman of the Authority.

3. Power to relax.—The Authority may relax the provisions of any of these regulations in any case in which, but for such relaxation, the regulations would operate harshly:

Provided that no such relaxation as aforesaid shall be made by the Authority in respect of any officer appointed by the Central Government.

Interpretation.—If any doubt arises as to the meaning or application of these regulations or any of them to any person, the matter shall be referred to the Authority whose decisions shall be final.

PART II—SALARIES, ALLOWANCES AND CONDITIONS OF SERVICE

5. Appointments.—Appointments to any post in the service other than the posts of the Secretary and the Chief Accounts Officer shall be made by the authority specified in this behalf in the Schedule:

Provided that the Vice Chairman may by an order direct that appointments to class III and class IV posts may also be made by such officer and subject to such conditions as may be specified in the order.

6. Conditions of service.—Unless expressly provided for in these regulations to the contrary, the general terms and conditions of service of officers and employees of the Authority shall be governed *mutatis mutandis* by the Fundamental and Supplementary Rules applicable to the Central Government officers and employees and by the Central Civil Service (Temporary Service) Rules 1949, and by orders and decisions issued by the Central Government under these rules from time to time.

7. Grant of leave.—The Authority competent to make appointments to posts in the service shall be competent to grant leave to the members of the service:

Provided that such Authority may by an order direct that any power exercisable by it under this regulation may also be exercised, subject to such conditions as may be specified, by such officer of the Authority as may be mentioned in the said order.

8. Salaries and allowances of Chief Accounts Officer, etc.—The salaries, allowances and other conditions of service of the Chief Accounts Officer and the Secretary of the Authority shall be such as may be determined by the Central Government at the time of their appointment:

Provided that as respects any matter which is not specifically so determined by the Central Government, the regulations applicable to other officers and employees of the Authority shall also apply to the Chief Accounts Officer and the Secretary.

9. Conditions of services of Government servants on deputation.—Government servants, whether of the Union or of the State Governments, whose services are placed at the disposal of the Authority on foreign service, shall be governed by the terms and conditions which may be laid down at the time of their deputation to the Authority.

10. Allotment of residential accommodation.—Subject to such exceptions as may be made by the Authority with the approval of the Central Government wherever necessary in the case of Government servants on foreign service with the Authority, all officers and employees of the Authority shall, in the matter of allotment of residential accommodation, be governed by the regulations in the annexure to these regulations, and such of them as are allotted residential accommodation by the Authority shall pay such rent and other charges for that accommodation as are laid down in the Fundamental and Supplementary Rules as are applicable to the Central Government officers and employees of similar status in regard to allotment of Government accommodation to Government servants.

11. Conduct of staff.—The provisions of the Central Civil Services (Conduct) Rules, 1955, as amended by the Central Government from time to time, shall apply *mutatis mutandis* to the services and posts under the Authority; and unless the context otherwise requires, all references to Central Government shall be construed as references to the Authority and all references to Head of department or Head of office shall be construed as references to the Vice Chairman.

PART III—CLASSIFICATION, CONTROL AND APPEALS.

12. **Classification of posts.**—The services and posts under the Authority shall for purposes of appointment, control and discipline, be classified as follows:—

| Sl. No. | Description of posts | Classification of posts. |
|---------|---|--------------------------|
| (1) | A post carrying a pay or a scale of pay with a maximum of not less than Rs. 850/- | Class I |
| (2) | A post carrying a pay or a scale of pay with a maximum of not less than Rs. 500/- but less than Rs. 850/- | Class II |
| (3) | A post carrying a pay or a scale of pay with a maximum of over Rs. 60/- but less than Rs. 500/- | Class III |
| (4) | A post carrying a pay or a scale of pay the maximum of which is not more than Rs. 60/- | Class IV |

Note.—For the purposes of this regulation 'Pay' has the meaning assigned to it in F.R. 9(21)(a)(i) and excludes *inter alia* 'dearness pay'.

Exception.—Officers and employees of the Authority who hold posts under Government or any other Organization shall retain the classification applicable to them in Government service or in their parent Organization.

13. **Discipline and penalties—Suspension.**—(1) The appointing authority or any authority to which it is subordinate or any other authority empowered by the Authority in that behalf may place an officer or employee of the Authority under suspension—

- (a) where a disciplinary proceeding against him is contemplated or is pending; or
- (b) where a case against him in respect of any criminal offence is under investigation or trial;

Provided that where the order of suspension is made by an authority lower than the appointing authority, such authority shall forthwith report to the appointing authority the circumstances in which the order was made.

(2) An officer or employee of the Authority who is detained in custody, whether on a criminal charge or otherwise, for a period exceeding forty-eight hours shall be deemed to have been suspended with effect from the date of detention by an order of the appointing authority and shall remain under suspension until further orders.

(3) Where a penalty of dismissal or removal or compulsory retirement from service imposed upon an officer or employee of the Authority under suspension is set aside in appeal or on review under these regulations, and the case is remitted for further enquiry or action or with any other directions, the order of suspension shall be deemed to have continued in force on and from the date of the original order of dismissal, removal or compulsory retirement and shall remain in force until further orders.

(4) Where a penalty of dismissal, removal or compulsory retirement from service imposed upon an officer or employee of the Authority is set aside or declared or rendered void in consequence of or by a decision of a court of law and the disciplinary authority, on a consideration of the circumstances of the case, decides to hold a further inquiry against him on the allegations on which the penalty of dismissal, removal or compulsory retirement was originally imposed, the officer or employee of the Authority shall be deemed to have been placed under suspension by the appointing authority from the date of the original order of dismissal, removal or compulsory retirement and shall continue to remain under suspension until further orders.

(5) An order of suspension made or deemed to have been made under this regulation may at any time be revoked by the Authority which made or is deemed to have made the order or by any authority to which that authority is subordinate.

14. Discipline.—Nature of penalties—The following penalties may, for good and sufficient reasons to be recorded in writing and as hereinafter provided, be imposed upon officers and employees of the Authority, namely:—

- (a) censure;
- (b) withholding of increments or promotion;
- (c) recovery from pay of the whole or part or any pecuniary loss caused to the Authority by negligence or breach of orders;
- (d) reduction to a lower service, grade or post or to a lower time scale of pay, or to a lower stage in a time scale;
- (e) compulsory retirement;
- (f) removal from the service of the Authority which shall not be a disqualification for future employment;
- (g) dismissal from the service of the Authority which shall ordinarily be a disqualification for future employment.

Explanation.—The following shall not amount to a penalty within the meaning of this regulation—

- (1) withholding of increments of an officer or employee of the Authority for failure to pass a departmental examination in accordance with the rules or orders governing the service or post or the terms of his appointment;
- (2) stoppage of an officer or employee at the efficiency bar in the time scale on the ground of his unfitness to cross the bar;
- (3) non-promotion, whether in a substantive or officiating capacity of an officer or employee, after consideration of his case to a service, grade or post for promotion to which he is eligible;
- (4) reversion to a lower service, grade or post of an officer or employee officiating in a higher service, grade or post on the ground that he is considered, after trial, to be unsuitable for such higher service, grade or post or on administrative grounds unconnected with his conduct;
- (5) reversion to his permanent service, grade or post of an officer or employee appointed on probation to another service, grade or post during or at the end of the period of probation in accordance with the terms of his appointment or the rules and orders governing probation;
- (6) compulsory retirement of an officer or employee in accordance with the provisions relating to his superannuation or retirement;
- (7) termination of the services—
 - (a) of an officer or employee appointed on probation, during or at the end of the period of probation, in accordance with the terms of his appointment or the rules and orders governing probation; or
 - (b) of a temporary officer or employee in accordance with rule 5 of the Central Civil Services (Temporary Service) Rules 1949, as adopted by the Authority; or
 - (c) of an officer or employee employed under an agreement, in accordance with the terms of such agreement.

15. Disciplinary authorities.—(1) Subject to the provisions of sub-regulation (2) and of regulation 16, and to the condition that no officer or employee may be removed or dismissed or reduced in rank by an authority subordinate to that by which he was appointed, the authorities specified in the Schedule may impose the penalties specified in that Schedule upon officers and employees of the Authority included in that Schedule.

(2) Where an officer or employee is temporarily appointed to any other service or post, and the authority which would have been competent under sub-regulation (1) to impose upon him any of the penalties specified in clauses (d) to (g) of regulation 14, had he not been so appointed to such other service or post, is not subordinate to the authority competent to impose any of the said penalties after such appointment, the latter authority shall not impose any such penalty except after consultation with the former authority.

16. Procedure for imposing major penalties.—(1) No order imposing on an officer or employee of the Authority any of the penalties specified in clauses (d) to (g) of regulation 14 shall be passed except after an inquiry, held as far as may be, in the manner hereinafter provided.

(2) The disciplinary authority shall frame definite charges on the basis of the allegations on which the inquiry is proposed to be held. Such charges, together with a statement of the allegations on which they are based, shall be communicated in writing to the officer or employee and he shall be required to submit, within such time as may be specified by the disciplinary authority, a written statement of his defence and also to state whether he desires to be heard in person.

Explanation.—In this sub-regulation and in sub-regulation (3), the expression "the disciplinary authority" shall include the authority competent under these regulations to impose any of the penalties in clauses (a) to (c) of regulation 14.

(3) The officer or employee of the Authority shall, for the purpose of preparing his defence, be permitted to inspect and take extracts from such official records as he may specify, provided that such permission may be refused if, for reasons to be recorded in writing, in the opinion of the disciplinary authority such records are not relevant for the purpose or it is against the public interest to allow him access thereto.

(4) On receipt of the written statement of defence, or if no such statement is received within the time specified, the disciplinary authority may itself inquire into such of the charges as are not admitted, or, if it considers it necessary so to do, appoint a Board of Inquiry or an Inquiring Officer for the purpose.

(5) The disciplinary authority may also nominate any person to present the case in support of the charges before the authority enquiring into the charges (hereinafter referred to as the inquiring authority). The officer or employee of the Authority may present his case with the assistance of any other officer or servant of the Authority approved by the disciplinary authority, but may not engage a legal practitioner for the purpose unless the person nominated by the disciplinary authority as aforesaid is a legal practitioner or unless the disciplinary authority, having regard to the circumstances of the case, so permits.

(6) The inquiring authority shall, in the course of the inquiry, consider such documentary evidence and take such oral evidence as may be relevant or material in regard to the charges. The officer or employee of the Authority shall be entitled to cross-examine witnesses examined in support of the charges and to give evidence in person. The person presenting the case in support of the charges shall be entitled to cross-examine the officer or employee of the Authority and the witnesses examined in his defence. If the inquiring authority declines to examine any witness on the ground that his evidence is not relevant or material, it shall record its reasons in writing.

(7) At the conclusion of the inquiry, the inquiring authority shall prepare a report of the inquiry, recording its findings on each of the charges together with reasons therefor. If in the opinion of such authority the proceedings of the inquiry establish charges different from those originally framed, it may record findings on such charges provided that findings on such charges shall not be recorded unless the officer or employee of the Authority has admitted the facts constituting them or has had an opportunity of defending himself against them.

(8) The record of the inquiry shall include:—

- (i) the charges framed against the officer or employee and the statement of allegations furnished to him under sub-regulation (2);
- (ii) his written statement of defence, if any;
- (iii) the oral evidence taken in the course of the inquiry;
- (iv) the documentary evidence considered in the course of the inquiry;
- (v) the orders, if any, made by the Disciplinary Authority and the Inquiring Authority in regard to the inquiry; and
- (vi) a report setting out the findings on each charge and the reasons therefor.

(9) The disciplinary authority shall, if it is not the inquiring authority, consider the record of the inquiry and record its findings on each charge.

(10) (1) If the disciplinary authority, having regard to its findings on the charges, is of the opinion that any of the penalties specified in clauses (d) to (g) of regulation 14 should be imposed it shall—

- (a) furnish to the officer or employee a copy of the report of the inquiring authority and, where the disciplinary authority is not the inquiring authority, a statement of its findings together with brief reasons for disagreement, if any, with the findings of the inquiry authority; and
- (b) give him a notice stating the action proposed to be taken in regard to him and calling upon him to submit within a specified time such representation as he may wish to make against the proposed action.

(ii) The disciplinary authority shall consider the representation, if any, made by the officer or employee in response to the notice under clause (1) and determine what penalty, if any, should be imposed on the officer or employee and pass appropriate orders on the case.

(11) If the disciplinary authority having regard to its findings is of the opinion that any of the penalties specified in clause (a) to (c) of regulation 14 should be imposed, it shall pass appropriate orders in the case.

(12) Orders passed by the disciplinary authority shall be communicated to the officer or employee who shall also be supplied with a copy of the report of the Inquiry Authority and, where the Disciplinary Authority is not the inquiring authority, a statement of its findings together with brief reasons for disagreement, if any, with the findings of the inquiring authority, unless they have already been supplied to him.

17. Procedure for imposing minor penalties.—(1) No order imposing any of the penalties specified in clauses (a) to (c) of regulation 14 shall be passed except after—

- (a) the officer or employee of the Authority is informed in writing of the proposal to take action against him and of the allegations on which it is proposed to be taken and given an opportunity to make any representation he may wish to make within the specified time; and
- (b) such representation, if any, is taken into consideration by the disciplinary authority.

(2) The record of proceedings in such cases shall include—

- (i) a copy of the intimation to the officer or employee of the proposal to take action against him;
- (ii) a copy of the statement of allegations communicated to him;
- (iii) his representation, if any; and
- (iv) the orders on the case together with the reasons therefor.

18. Joint Inquiry.—(1) Where two or more officers or employees of the Authority are concerned in any case, the authority competent to impose the penalty of dismissal from service on all such officers and servants may make an order directing that disciplinary action against all of them may be taken in a common proceeding.

(2) Any such order shall specify—

- (i) the authority which may function as the disciplinary authority for the purpose of such common proceeding;
- (ii) the penalties specified in regulation 14 which such disciplinary authority shall be competent to impose; and
- (iii) whether the procedure prescribed in regulation 16 or regulation 17 may be followed in the proceeding.

19. Special procedure in certain cases.—Notwithstanding anything contained in regulation 16, 17 and 18—

- (i) where a penalty is imposed on an officer or employee on the ground of conduct which has led to his conviction on a criminal charge; or
- (ii) where the disciplinary authority is satisfied for reasons to be recorded in writing that it is not reasonably practicable to follow the procedure prescribed in the said rules,

the disciplinary authority may consider the circumstances of the case and pass such orders thereon as it deems fit.

20. Provision regarding borrowed officers and employees.—(1) Where an order of suspension is made or a disciplinary proceeding is taken against an officer or employee whose services have been borrowed from the Central Government, or a State Government or an authority subordinate thereto or a local or other authority, the authority lending his services (hereinafter in this regulation referred to as "the lending authority") shall forthwith be informed of the circumstances leading to the order of his suspension or the commencement of the disciplinary proceeding, as the case may be.

(2) In the light of the findings in the disciplinary proceedings taken against the borrowed officer or employee—

- (i) if the disciplinary authority is of the opinion that any of the penalties specified in clauses (a) to (c) of regulation 14 should be imposed on him, it may, subject to the provisions of sub-regulation (11) of regulation 16 after consultation with the lending authority, pass such orders on the case as it deems necessary:

Provided that in the event of a difference of opinion between the borrowing authority and the lending authority the services of the officer or servant shall be replaced at the disposal of the lending authority;

- (ii) if the Disciplinary Authority is of the opinion that any of the penalties specified in clauses (d) to (g) of regulation 14 should be imposed on him it shall replace his services at the disposal of the lending authority and transmit to it the proceedings of the inquiry for such action as it deems necessary.

APPEALS

21. Appeal against orders of suspension.—An officer or an employee may appeal against an order of suspension to the authority to which the authority which made the order is immediately subordinate.

22. Appeals against orders imposing penalties.—(1) An officer or employee may appeal against an order imposing upon him any of the penalties specified in regulation 14 to the authority specified in this behalf in the Schedule.

(2) An appeal against an order in a common proceeding held under regulation 18 shall lie to the authority to which the authority functioning as the disciplinary authority for the purpose of that proceeding is immediately subordinate.

23. Appeal against other orders.—(1) An officer or employee may appeal against an order which—

- (a) denies or varies to his disadvantage his pay, allowances, gratuity or other conditions of service as regulated by any rules or regulations framed in this respect or by agreement; or

- (b) interprets to his disadvantage the provisions of any such rules, regulations or agreement.

(2) An appeal against an order—

- (a) stopping an officer or employee at the efficiency bar in the time scale on the ground of his unfitness to cross the bar;

- (b) reverting to a lower service, grade or post, an officer or employee officiating in a higher service, grade or post, otherwise than as a penalty;

- (c) reducing or withholding the gratuity or denying the maximum gratuity admissible under the rules or withholding the provident fund or denying the maximum provident fund admissible under the rules framed in this respect; and

- (d) determining the pay and allowances for the period of suspension to be paid to an officer or employee on his reinstatement or determining whether or not such period shall be treated as a period spent on duty for any purpose, shall lie—

- (i) in the case of an order made in respect of an officer or employee on whom the penalty of dismissal from service can be imposed only by the Central Government, to the Central Government, and

- (ii) in the case of an order made in respect of any other officer or employee to the authority to whom an appeal against an order imposing upon him the penalty of dismissal from service would lie.

Explanation.—In this rule the expression “an officer or employee” includes a person who has ceased to be in the service of the Authority.

24. Period of limitation for appeals.—No appeal shall be entertained unless it is submitted within a period of *three months* from the date on which the appellant receives a copy of the order appealed against;

Provided that the appellate authority may entertain the appeal after the expiry of the said period, if it is satisfied that the appellant had sufficient cause for not submitting the appeal in time.

25. Form and contents of appeal.—(1) Every person submitting an appeal shall do so separately and in his own name.

(2) The appeal shall be addressed to the authority to whom the appeal lies, shall contain all material statements and arguments on which the appellant relies, shall not contain any disrespectful or improper language, and shall be complete in itself.

26. Submission of appeals.—Every appeal shall be submitted to the authority which made the order appealed against.

27. Withholding of appeals.—(1) The authority which made the order appealed against may withhold the appeal if—

- (i) it is an appeal against an order from which no appeal lies; or
- (ii) it does not comply with any of the provisions of regulation 25, or
- (iii) it is not submitted within the period specified in regulation 24 and no cause is shown for the delay; or
- (iv) it is a repetition of an appeal already decided and no new facts or circumstances are adduced;

Provided that an appeal withheld on the ground only that it does not comply with the provisions of regulation 25 shall be returned to the appellant and, if resubmitted within one month thereof after compliance with the said provisions, shall not be withheld.

(2) Where an appeal is withheld, the appellant shall be informed of the fact and the reasons therefor.

(3) At the commencement of each quarter, a list of the appeals withheld by any authority during the previous quarter, together with the reasons for withholding them, shall be furnished by the authority to the appellate authority.

28. Transmission of appeals.—(1) The authority which made the order appealed against shall, without any avoidable delay, transmit to the appellate authority every appeal which is not withheld under regulation 27 together with its comments thereon and the relevant records.

(2) The authority to which the appeal lies may direct transmission to it of any appeal withheld under regulation 27 and thereupon such appeal shall be transmitted to that authority together with the comments of the authority withholding the appeal and the relevant records.

29. Consideration of appeals.—(1) In the case of an appeal against an order of suspension, the appellate authority shall consider whether in the light of the provisions of regulation 13 and having regard to the circumstances of the case the order of suspension is justified or not and confirm or revoke the order accordingly.

(2) In the case of an appeal against an order imposing any of the penalties specified in regulation 14, the appellate authority shall consider—

- (a) whether the procedure prescribed in these regulations has been complied with, and, if not, whether such non-compliance has resulted in failure of justice;
- (b) whether the findings are justified; and
- (c) whether the penalty imposed is excessive, adequate or inadequate; and pass orders—
 - (i) setting aside, reducing, confirming or enhancing the penalty; or

(ii) remitting the case to the authority which imposed the penalty or to any other authority with such direction as it may deem fit in the circumstances of the case:

Provided that—

(i) the appellate authority shall not impose any enhanced penalty which neither such authority nor the authority which made the order appealed against is competent in the case to impose;

(ii) no order imposing an enhanced penalty shall be passed unless the appellant is given an opportunity of making any representation which he may wish to make against such enhanced penalty within a specified period; and

(iii) if the enhanced penalty which the appellate authority proposes to impose is one of the penalties specified in clause (d) to (g) of regulation 14 and an inquiry under regulation 16 has not already been held in the case, the appellate authority shall, subject to the provisions of regulation 19 itself hold such inquiry or direct that such inquiry be held and thereafter on consideration of the proceedings of such inquiry and after giving the appellant an opportunity of making any representation which he may wish to make against such penalty, pass such orders as it may deem fit.

(3) In the case of an appeal against any order specified in regulation 23, the appellate authority shall consider all the circumstances of the case and pass such orders as it deems just and equitable.

30. Implementation of orders in appeal.—The authority which made the order appealed against shall give effect to the orders passed by the appellate authority.

REVIEW

31. Review of orders in disciplinary cases.—The authority to which an appeal against an order imposing any of the penalties specified in rule 14 lies may, of its own motion or otherwise, call for the records of the case in a disciplinary proceeding, review any order passed in such a case and, pass such orders as it deems fit, as if the officer or employee had preferred an appeal against such order:

Provided that no action under this rule shall be initiated more than six months after the date of the order to be reviewed.

SCHEDULE

| Title of service or post | Authority empowered to appoint | Authority empowered to impose penalties & penalties which it may impose | | Appellate Authority |
|---------------------------------------|--------------------------------|---|--|---------------------|
| | | Authority | Penalties | |
| 1 | 2 | 3 | 4 | 5 |
| Class I posts— | | | | |
| (a) with a maximum of over Rs. 850/-. | Central Government | (1) "Authority" | All except (a) reduction to a lower service, grade or post, or a lower time scale of pay, or to a lower stage in a time scale; (b) compulsory retirement; (c) removal and (d) dismissal. | Central Government. |
| | | (2) Central Government | All | No appeal lies. |
| (b) with a maximum of Rs. 850/- | "Authority" | "Authority" | All | Central Government |
| Class II posts | "Authority" | (1) Vice Chairman | Censure or withholding of increment or promotion | "Authority". |
| | | (2) "Authority" | All | Central Govt. |
| Class III posts | Vice Chairman | Vice Chairman | All | Chairman. |
| Class IV posts | Vice Chairman | Vice Chairman | All | Chairman. |

ANNEXURE

REGULATIONS FOR ALLOTMENT OF RESIDENCES TO OFFICERS OF THE DELHI DEVELOPMENT AUTHORITY

1. These regulations apply to the allotment of the residences specified in the Schedule, to the officers and staff of the Delhi Development Authority.

2. The Authority may from time to time add any residence to, or remove any residence from, any part of the said Schedule, or change the classification of any residence specified in that Schedule.

3. In these regulations, unless there is anything repugnant in the subject or context—

- (a) "Vice Chairman" means the Vice Chairman of the Delhi Development Authority appointed under clause (b) of sub-section (3) of section 3 of the Delhi Development Act, 1957;
- (b) "Class" in relation to a residence, means the class of that residence, as for the time being specified in the attached Schedule;
- (c) "Family" includes only the wife, children, step children, parents, brothers and sisters ordinarily residing with, and wholly dependent on, an officer;
- (d) "Allotment year" means a year beginning on 1st April or a subsequent date to be notified by the Vice Chairman;
- (e) "Officer" means regular employees of the Authority, whether permanent or temporary, and includes whole time paid members of the Authority and officers on deputation to the Authority;
- (f) "Emoluments" means—
 - (i) the pay including special pay, dearness pay and pension, if any, actually drawn by an officer at the beginning of the allotment year, provided that the officer will continue to draw that or a higher pay throughout the allotment year; and
 - (ii) in any other case, the lower pay including special pay, dearness pay and pension, if any which the officer is expected to draw during the allotment year.

NOTE:—

- (1) "Emoluments" of an officer under suspension shall be the emoluments drawn by him on the first day of the allotment year in which he is suspended. In case the date of suspension coincides with the first day of the allotment year, the emoluments drawn immediately before that date shall be taken into account;
- (2) If an officer under suspension is in occupation of a residence, further allotment of any other residence to him shall be suspended;
- (3) If an officer under suspension is without accommodation and his turn for allotment comes during the period of suspension, allotment of accommodation shall be made to him as if he had not been suspended.
- (4) If an officer is reverted to a lower post during suspension, his entitlement to allotment of accommodation shall be determined on the basis of his pay in the lower post.
- (g) "Authority" means the Delhi Development Authority;
- (h) "F.R. and S.R." means Fundamental and Supplementary Rules of the Central Government;
- (i) "Priority date" of an officer, in relation to a class of residence, means the earliest date from which he has been continuously entitled to the allotment of a residence in that class or a higher class and has also been continuously holding appointment in the Authority **except** for periods of leave or temporary transfer or deputation;

Provided that if two or more officers have the same priority date, priority among them shall be determined by the amount of emoluments, or where emoluments are equal, by the periods for which those emoluments have been drawn in the post held by the drawer at the time of application;

- (j) "Residence" means any residence for the time being specified in the Schedule;

(k) "Schedule" means the schedule appended to these regulations;

(l) "Subletting" includes sharing of accommodation with an allottee with or without payment of rent but does not include a casual guest;

(m) "Administrative Officer" means the Administrative Officer of the Delhi Development Authority.

4. Save as otherwise provided by or under these regulations, residences of the various classes specified in the Schedule shall be allotted to officers including officers on deputation or foreign service whose emoluments on the first April of the allotment year in which the allotment is made are as shown in the table below—

| <i>Class of residence</i> | <i>Officers eligible for allotment</i> |
|---------------------------|--|
| (1) Bungalows | Officers holding posts in time scale the maximum of which is not less than Rs. 800 and who are in receipt of basic pay (excluding dearness pay) of not less than Rs. 500: Provided that if at any time a whole time paid member of the Authority desires allotment of a bungalow to him on a temporary or regular basis, the first available bungalow shall be allotted to him. |
| (2) B type quarters | Officers drawing pay between Rs. 250 and Rs. 499. |
| (3) C type quarters | Officers drawing pay between Rs. 150 and Rs. 249. |
| (4) D type quarters | Class III officers drawing a pay of less than Rs. 150. |
| (5) E type quarters | All Class IV employees. |

5. (1) Every officer who desires to have an allotment made, or continued, under these regulations, shall, in addition to his first application in this behalf, submit yearly applications to the Administrative Officer of the Authority, so as to reach him not later than the 1st March.

(2) Every application shall be in the prescribed form signed by the applicant and submitted through the Sectional Heads, who after satisfying themselves as to the correctness of the statements made in the application, shall countersign and forward it to the Administrative Officer.

6. The Administrative Officer shall in each class a priority list which shall be brought up to date by the 1st April each year.

As soon as a residence in any class falls vacant, the Administrative Officer shall take action for its allotment to the officer entitled in accordance with the priority list.

Provided that in the case of bungalows a Government officer on deputation to the Authority shall, in the matter of allotment of a residence under these rules, have preference over others in the priority list.

7. Allotment in each case shall be made by the Vice Chairman or such other officer to whom these powers may be delegated by the Vice Chairman.

8. (1) No officer shall be eligible for allotment of a residence under these regulations, or, if he is already in occupation of a residence, to its continued occupation, if—

(a) he owns or has, since the allotment of a residence under these regulations, become the owner in full or in part, whether in his own name or in the name of any other person, of a house in Delhi or New Delhi which is located within six miles of the place of his duty and in which he can, in the opinion of the Vice Chairman, resides consistently with his official position; or

(b) his wife or dependent child owns or has since the allotment of a residence under these rules, become the owner, in full or in part, of a house in Delhi or New Delhi which is located within six miles of the place of his duty and in which he can, in the opinion of the Vice Chairman, reside consistently with his official position; or

(c) whose father, mother or any other dependent relation owns or has, since the allotment of a residence under these regulations, become the owner of a house in Delhi or New Delhi which is located within

six miles of the place of his duty and in which he can, in the opinion of the Vice Chairman, reside consistently with his official position and without any undue inconvenience either to himself or to the owner thereof.

(2) Any officer who on any date (hereafter in these regulations referred to as the relevant date) subsequent to the date of his making application for allotment or subsequent to the date of the allotment of a residence becomes ineligible for such allotment under clause (a) or clause (b) or clause (c) of sub-regulation (1), shall notify the fact to the Vice Chairman within a period of seven days of the relevant date. In the event of the officer's failure to so notify him, the Vice Chairman may reject the application for allotment or, if an allotment has already been sanctioned, cancel such allotment with effect from the relevant date and require the officer to vacate the residence forthwith.

(3) Notwithstanding anything contained in sub-regulation (1) or (2), the Vice Chairman may allot or reallocate a residence to an officer, if:—

(a) the house owned by him, his wife, any dependent child or by his father, mother or any other dependent relation has been requisitioned by Government; or

(b) it is proved to the satisfaction of the Vice Chairman that such house was given out on lease—

(i) before the appointment of the officer in the Authority; or

(ii) before the acquisition of such house by him, his wife, any dependent child, or by his father, mother, or any other dependent relation;

and the Vice Chairman is satisfied that it is not possible for the lessor, for reasons beyond his control, to obtain vacant possession of the house.

(4) Where any residence has been allotted or reallocated to an officer under sub-regulation (3), the officer shall be liable, with effect from the date specified in the order of allotment, or reallocation, to pay standard rent under Fundamental Rule 45-B or standard rent under F.R. 45-A plus 33 $\frac{1}{3}$ per cent thereof or ten per cent of his emoluments, whichever is the highest, for so long as he or his wife or any dependent child, or his father or mother or any other dependent relation, as the case may be, is unable to obtain vacant possession of the house.

(5) If at any time it appears to the Vice Chairman that no efforts have been made to obtain vacant possession of the house, it shall be open to the Vice Chairman to give suitable directions as to the steps to be taken to obtain vacant possession of the house, and, if such directions are not complied with, to cancel the allotment and require the allottee to vacate the residence forthwith, or to charge rent for it under Government of India decision (2) below Fundamental Rule 45-B or twice the standard rent under F.R. 45-A or 15 per cent of his emoluments, whichever is the highest.

9. If an officer fails to accept the allotment/offer of an allotment, of a residence made to him under these regulations within 8 days after the date of allotment/offer, or fails to move into that residence after acceptance within 8 days after the date of allotment, or fails to accept the alternative accommodation offered to him in consequence of any decision of the Vice Chairman—

(a) he shall not be eligible for another allotment under these regulations for a period of 6 months from the same date;

(b) the residence in question shall be reallocated in accordance with the provisions of these regulations;

(c) any previous allotment of a residence under these regulations which is out of the class for the officer or the classification of which has changed or which has been removed from the schedule or which may be required by the Authority for some other purpose, shall be deemed to be cancelled with effect from the said date, and he shall vacate the residence forthwith; and

(d) in addition to any disciplinary or other action that may be taken against him, he shall be charged, in respect of any period for which he continues to occupy that residence after the said date, the full standard rent under F.R. 45-B or twice the full standard rent under F.R. 45-A or 15 per cent of his emoluments, whichever is the highest.

10. An allotment shall be effective from the date on which it is accepted by the officer concerned, and shall continue until—

(a) it is cancelled by the Vice Chairman, or is deemed to be cancelled, under these regulations;

- (b) it is surrendered by the officer concerned; or
- (c) the officer concerned ceases to occupy the residence:

Provided that an officer who goes on leave or on deputation or on temporary transfer may, with the previous approval of the Vice Chairman, retain the allotment—

- (i) In the case of leave preparatory to retirement, for the period of leave on full average pay incurred in such leave;
- (ii) In the case of any other leave, for a period not exceeding eight months;
- (iii) In the case of deputation out of India for a period not exceeding six months;
- (iv) In the case of temporary transfer, for a period not exceeding four months, subject to the following conditions, namely—
 - (a) that officer would be returning to duty under the Authority on the expiry of his leave or transfer; and
 - (b) that in any of the cases mentioned in clauses (iii) or (iv), the residence is required for the occupation of, and is in fact occupied by, his family.

11. (a) Any officer to whom a residence of the appropriate class has been allotted under these regulations may apply for a change of allotment within the same class, in any of the yearly applications made by him under the provisions of regulation 5.

(b) The Administrative Officer shall in respect of each class of residence maintain a list of officers who have applied for such change, arranging them in the order of their dates of priority;

(c) Whenever a residence falls vacant (and is not to be allotted under regulation 6) it shall be offered in order of priority to the officers in the list pertaining to that class of residence maintained under clause (b) of this regulation and if any of them accepts the residence in exchange for the one occupied by him, the latter residence shall be deemed to be the one available for allotment under regulation 6 and shall be allotted accordingly.

(d) If an officer fails to accept a change of residence offered to him under clause (c), within five days of the date of such offer, he shall not be eligible for a change of allotment under this regulation for a period of 6 months from the said date.

(e) No officer shall be allowed a change of allotment within the same class more than once under this regulation.

12. Notwithstanding anything contained in regulation 6 or regulation 11 an officer may be allowed a change of residence within the same class on the death in that residence of his wife, child or other close relation residing with him, provided he applies for a change within one month of such occurrence.

13. Officers to whom residences have been allotted may, with the approval of the Vice Chairman, or such officer or officers to whom powers of allotment of residences have been delegated under regulation 7, exchange residences within the same class.

14. (1) An officer may at any time surrender an allotment made to him under these regulations, and if he does so—

- (a) he will not retain any right on the particular residence allotted to him;
- (b) he will be entitled on a fresh application made in his behalf to another allotment from such date as he may mention in the application, but not earlier than 6 months from the date of vacation of the residence after its surrender.

(2) Any officer surrendering an allotment under this regulation should send to the Administrative Officer a letter at least ten days before the date of vacation of the residence. The allotment of the residence shall be deemed to be cancelled with effect from the 11th day of the day on which the letter is received by the Administrative Officer.

15. (1) If the officer to whom a residence has been allotted is under orders of transfer, he shall forthwith intimate the fact to the Administrative Officer and shall also inform him of the date on which he intends to vacate the residence at least ten days before that date;

(2) The officer shall not be entitled to retain the residence for more than two months from the date of his transfer, and the allotment shall stand cancelled on the expiry of these two months or on the date of vacating of the residence whichever is earlier.

16. If the officer to whom a residence is allotted dies, the allotment shall be cancelled with effect from two months after the date of the officer's death or with effect from any date after such death on which the residence is actually vacated, whichever is earlier.

17. If the officer to whom a residence is allotted retires, or resigns, or is dismissed or removed from service, the allotment shall be cancelled with effect from one month after the date of his retirement, resignation, dismissal or removal as the case may be or with effect from any date after such dismissal, removal or retirement on which the residence is actually vacated, whichever is earlier.

Instructions.

(1) In the case of officers who are granted refused leave after superannuation under F.R. 86, the date of retirement for the purpose of regulation 17 shall be the date on which such leave expires subject to the provisions of para (2) below.

(2) In partial modification of sub-clause (1) of the proviso to regulation 10 an officer shall be entitled to return his allotment during the leave preparatory to retirement or during the refused leave granted under F.R. 86 for the period of leave on full average pay included in such leave, subject to a minimum of one month and a maximum period of four months inclusive of the period of one month permission under regulation 17.

18. Any officer to whom a residence has been allotted shall, before vacating the residence, give not less than ten days notice in writing to the Administrative Officer. If he does not do so, he shall be responsible for payment of rent for that period or the number of days by which the notice given by him falls short of ten days, from the date of vacation.

19. (1) No officer shall sublet a residence allotted to him or any portion thereof, or any of the out houses appurtenant thereto except with the permission of the Vice Chairman;

(2) Such permission may be granted—

- (a) to an officer proceeding on leave who wishes to sublet the residence to an officer of the Authority who is entitled to the same class of residence for the whole or any part of the period of the leave; and
- (b) to an officer who does not wish to occupy the residence during any part of the year beginning on the 1st April and wishes to sublet it to an officer of the Authority entitled to the same class of residence for that period.

(3) Notwithstanding that the permission of the Vice Chairman has been obtained to a sub-lease under this sub-regulation—

- (a) the lessor shall remain personally responsible for any rent payable in respect of the residence and for any damage caused to the residence, premises or services provided beyond fair wear and tear; and
- (b) the rent payable by the lessee in respect of the residence or service provided shall not, except with the previous sanction of the Vice Chairman, exceed the rent payable in such respects to the Authority by the lessor.

(4) Such permission may also be granted to an officer for sharing the residence allotted to him with—

- (a) an employee of the Authority eligible for accommodation in the general pool; and
- (b) a close relative.

For purposes of this sub-regulation whether a person is close relative or not shall be decided by the Vice Chairman.

(5) If an officer sublets a residence allotted to him or any portion thereof or any of the out houses appurtenant thereto, without the permission of the Vice Chairman, he shall, without prejudice to any other action that may be taken against him, shall be charged the full standard rent of the residence under F.R. 45-B, for the period of such subletting.

Instructions.

(1) Out houses are provided for the *bona fide* use of domestic servants of the allottee and not for subletting purposes. This condition should be specifically mentioned in the letter of permission and cases of sharing with more than one should be considered as unauthorized subletting and treated under these regulations.

(2) If the period of stay of a casual guest with the allottee is likely to exceed three months, the allottee should apply within two months of the arrival of the guest to the Vice Chairman for permission for sharing the accommodation. The Vice Chairman will normally accord the permission if the permission is not accorded, the casual guest must vacate the residence forthwith.

(3) It is not necessary to obtain the permission of the Vice Chairman for sharing accommodation with eligible persons before hand, and it would suffice if such permission is obtained within a period of two months of the date on which sharing commenced.

(4) Sharing permission must be obtained by an allottee for every sharer. Habitual sharing with different persons would give rise to a presumption of profiteering by the allottee.

20. The liability for rent shall commence from the date of occupation of the residence or from the eighth day after the date of allotment of the residence whichever is earlier.

21. (1) The officer to whom a residence has been allotted shall be personally responsible for the rent thereof and for any damage beyond fair wear and tear caused thereto or to the furniture, or services provided therein during the period for which the residence has been and remains allotted to him.

(2) Where the officer to whom a residence has been allotted is temporary, he shall execute a security bond with a surety who shall be a permanent servant of the Authority, for due payment of all rent and other charges payable by him in respect of such residence.

(3) If the surety to the security bond dies, retires from service becomes insolvent or ceases to be available for any reason, the officer shall furnish another surety to the bond within ten days from the date of his knowledge of the death, retirement, insolvency or non-availability of the former surety; and if he fails to do so, the allotment of the residence to him shall, unless otherwise decided by the Vice Chairman, be deemed to have been cancelled.

Instructions.

It is not necessary for quasi-permanent employees to furnish sureties of permanent servants for payment of rent in respect of the accommodation allotted to them.

22. (1) Furniture in accordance with the scale to be approved by the Authority, may be provided by the Authority in any residence at the request of the officer to whom that residence has been allotted.

(2) Rent shall be recoverable in accordance with the provisions of S.R. 325 in respect of all furniture provided by the Authority.

(3) The officer to whom a residence has been allotted shall be required when he enters into occupation of and when he vacates the residence, to sign an inventory of the furniture and fittings.

23. The officer to whom a residence has been allotted shall maintain the residence and premises in a cleanly condition to the satisfaction of the local municipal authority (which is responsible only for the final disposal of rubbish and night soil) and the Vice Chairman.

24. (1) The officer to whom a residence has been allotted shall not permit trees or shrubs in the premises to be cut down or lopped save with the consent of the Vice Chairman.

(2) The officer to whom a residence has been allotted shall comply with any orders of the Authority for the time being in force in respect of the garden attached thereto.

25. (1) If the officer to whom a residence has been allotted commits any breach of the regulations or the terms and conditions of allotment or uses the

residence or premises or permits the residence or premises to be used, for any purpose which the Vice Chairman considers to be improper, or conducts himself in a manner which in the opinion of the Vice Chairman is prejudicial to the maintenance of harmonious relations with his neighbours, or if it is found that the officer has knowingly furnished incorrect information in any application or written statement with a view to securing an allotment, the Vice Chairman, may, without prejudice to any other disciplinary action that may be taken against him, declare him to be ineligible for a residence during a specified period:

Provided that where the allotment of a residence is cancelled for conduct prejudicial to the maintenance of harmonious relations with the neighbour, the officer may be allotted another residence in the same class at any other place.

(2) For the purpose of this regulation "improper use" shall include—

- (a) charging of excessive rent from the sub-lessee or from a guest;
- (b) erecting unauthorised structures in any part of the residence;
- (c) using the residence or a portion thereof for purpose other than those for which they are meant; and
- (d) unauthorized extension from electric and water connections or tampering therewith.

Instructions.

(1) When action is taken by the Vice Chairman to cancel the allotment under the provisions of regulation 25 in proved cases of unauthorized subletting of their residences by an officer a period of sixty days will be allowed to the allottees and any other person residing with him in that quarter, to vacate that quarter. The allotment shall be cancelled with effect from the date of vacation of the residence or expiry of the period of sixty days from the date of the orders passed under the provisions of the regulation referred to above.

(2) Eviction proceedings will be taken up against the officer concerned immediately after the cancellation of his allotment.

(3) If an officer wants to appeal to the Authority against the decision of the Vice Chairman, he may do so through the Vice Chairman within seven days of the date of communication of orders to him. Not more than one appeal against each order will be entertained; and

(4) If the allotment of an officer is cancelled because he has secured the allotment by furnishing incorrect information or because of breach of these regulations he may be declared by the Vice Chairman to be ineligible for the allotment of residential accommodation for a period not exceeding two years.

26. Where, after the cancellation of an allotment under any of these regulations other than regulation 9, the residence remains or has remained in the occupation of an officer to whom it was allotted or of any one claiming through him, the full standard rent of the residence under F.R. 45-B or twice the standard rent under F.R. 45-A or 15 per cent of the emoluments of the officer, whichever is the highest, may be charged for the period of such occupation.

27. The fixation of standard rent and recovery of rent in respect of the residences allotted under the above regulations shall be made in accordance with the relevant provisions of the Fundamental and Supplementary Rules of the Central Government which shall apply *mutatis mutandis* in respect of all matters not specifically provided for in these regulations.

28. If any question arises as to the interpretation of these regulations, the decision of the Authority shall be final.

29. The Authority may for reasons to be recorded relax any or all the regulations or of the terms and conditions of the allotment in the case of any officer or residence or class of officers or residences.

30. The Vice Chairman may, with the approval of the Authority, delegate any of the powers or functions conferred upon him by these regulations to any whole time Member or officer of the Authority subject to such conditions as he may deem fit to impose.

SCHEDULE

| Class of residence | Particulars of residence in New Delhi. |
|--------------------|---|
| Bungalows | A-1 to A-4 on Gangaram Hospital Marg (Rajendra Nagar). |
| B Type quarters | B-1 to B-4 in Rajendra Nagar, off Gangaram Hospital Marg. |
| C type quarters | C-1 to C-4 in Rajendra Nagar. |
| D type quarters | (1) D-1 to D-48 in Rajendra Nagar. (2) 2 Concrete Houses in Block 13-A, Western Extension Area. |
| E type quarters | (1) 1 to 36 in Western Extension Scheme, Block A, Bagh Raoji. (2) 1 to 12 in Western Extension Scheme, Block 14-B. |

DELHI DEVELOPMENT AUTHORITY

Form of application for allotment of residences for the year commencing 1st April 19

1. Name, Mr./Mrs./Miss (in block letters)
2. Class to which entitled (Regulation 4)
3. Priority date
4. Qualifying appointment held
5. Particulars of the permanent post, if any, held by the officer substantively
6. Date of appointment in the Delhi Improvement Trust/Delhi Development Provisional Authority/Delhi Development Authority
7. Emoluments on 1st April of the year of application, or in the case of first application, on the date of qualifying posting
8. The date from which the emoluments at (7) above are being drawn
9. Whether the officer is entitled to rent free accommodation
10. Whether the officer is a family or single officer
11. If family officer, details of the members of family should be given below :—

| Sl. No. | Name | Age | Relationship | Profession, if any | Whether entirely dependent on the officer. |
|---------|------|-----|--------------|--------------------|--|
| 1. | | | | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | | | | | |
| 6. | | | | | |
| 7. | | | | | |

(An extension sheet may be pasted here if there are more than seven members in the family).

12. Date from which accommodation is required, if not required immediately _____

13. Whether furnished or unfurnished residence is required _____

14. Particulars of residence desired in order of preference, if any _____
(1) _____
(2) _____
(3) _____

15. Whether the officer owns a house either in his own name or in the name of his wife or other relative mentioned in regulation 8. _____

16. Whether the officer is debarred from accommodation, if so, state the period. _____

DECLARATION

Certified that—

I have read the regulations governing the allotment of residences in Delhi to officers of the Delhi Development Authority and declare that the particulars given by me above are correct and that the allotment to be made to me or already made to me, shall be subject to these regulations and subsequent amendments, if any, thereto.

I also undertake not to sublet the residence wholly or in part without the prior approval in writing of the Vice Chairman.

When the residence is no longer required by me or I cease to be entitled to it, I shall be responsible for handing over its vacant possession to the Delhi Development Authority and until such vacant possession is delivered rent and other charges in respect of the residence shall be recoverable from me.

Signature _____

Designation _____

Dated _____

[No. F. 1(45)/60-GA.]

R. K. VAISH, Secy.
Delhi Development Authority

MINISTRY OF LABOUR & EMPLOYMENT

New Delhi, the 7th September, 1961

S.O. 2227.—In exercise of the powers conferred by sub-section (1) of section 13 of the Employees' Provident Funds Act, 1952 (19 of 1952), the Central Government hereby appoints Shri C. J. Yagnik to be an Inspector for the whole of the State of Gujarat for the purposes of the said Act and of any scheme framed thereunder, in relation to an establishment belonging to, or under the control of the Central Government, or in relation to an establishment connected with a railway company, a major port, a mine or an oil-field or a controlled industry.

[No. 20(11)/61-PF.I.Pt.]

S.O. 2228.—In exercise of the powers conferred by sub-section (1) of section 13 of the Employees' Provident Funds Act, 1952 (19 of 1952), the Central Government hereby appoints Shri T. S. Jackson to be an Inspector for the whole of the State of Uttar Pradesh for purposes of the said Act and of any scheme framed thereunder, in relation to an establishment belonging to, or under the control of the Central Government, or in relation to an establishment connected with a railway company, a major port, a mine or an oil field or a controlled industry.

[No. 20(13)/61-PF-I]

P. D. GAIHA, Under Secy.

New Delhi, the 7th September, 1961.

S.O. 2229.—The Government of the State of Gujarat having nominated, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Employees' State Insurance Act, 1948 (34 of 1948), Dr. T. B. Patel, Director of Health and Medical Services (Medical), Gujarat, Ahmedabad, as a member representing the said State on the Medical Benefit Council, the Central Government, in pursuance of the said section 10, hereby makes the following further amendment in the notification of the Government of India in the Ministry of Labour and Employment No. HI-1(1)/58, dated the 1st July, 1958, namely:—

In the said notification, under the heading 'Members' and sub-heading 'Nominated by the State Governments concerned under clause (d) of sub-section (1) of section 10', for item (16A), the following item shall be substituted namely:—

"(16A) Dr. T. B. Patel, Director of Health and Medical Services (Medical), Gujarat, Ahmedabad."

[No. F. 1(34)/61-HI.]

New Delhi, the 12th September 1961

S.O. 2230.—In exercise of the powers conferred by sub-section (3) of section 1 of the Employees' State Insurance Act, 1948 (34 of 1948), the Central Government hereby appoints the 17th September, 1961, as the date on which the provisions of Chapter IV (except sections 44 and 45 which have already been brought into force), and Chapters V and VI (except sub-section (1) of section 76 and sections 77, 78, 79 and 81 which have already been brought into force) of the said Act shall come into force in the following areas of Kharar in the State of Punjab, namely:—

| Village | Had Bast No. |
|----------------------|--------------|
| 1. Mandi Kharar | 185 |
| 2. Jhunglean | 29 |
| 3. Haralpur | 181 |
| 4. Bhukari | 78 |
| 5. Aujan | 182 |
| 6. Khanpur | 183 |
| 7. Badala Nia Shahar | 148 |
| 8. Khuni Majra | 187 |
| 9. Sante Majra | 186 |

In Tehsil Kharar, District Ambala.

[No. F. 13(8)/61-HI.]

BALWANT SINGH, Under Secy.

New Delhi-2, the 8th September, 1961

S.O. 2231.—In pursuance of section 17 of the Industrial Disputes Act, 1947, (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Bombay, in the industrial dispute between the employers in relation to the Vulcan Insurance Company Limited, Bombay and their workmen.

BEFORE THE CENTRAL GOVERNMENT INDUSTRIAL TRIBUNAL, BOMBAY.
REFERENCE NO. CGIT-13 OF 1961

Employers in relation to the Vulcan Insurance Company Ltd., Bombay

AND

their workmen.

PRESENT

Shri Salim M. Merchant, Presiding Officer.

Bombay: Dated 30th August, 1961.

APPEARANCES:

For the employers.—Shri M. A. Gagrath, Advocate, instructed by Shri D. K. Kerkar, Secretary, Vulcan Insurance Co., Ltd.

For the workmen.—Shri D. S. Parikh, Advocate, instructed by Shri P. B. Deshmukh, President, Vulcan Insurance Staff Union.

STATE: Maharashtra.

INDUSTRY: Insurance.

AWARD

The Government of India, Ministry of Labour and Employment, by order No. 70(6)/61/LR-IV, dated 19th May, 1961, made in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), was pleased to refer the industrial dispute between the parties abovenamed, in respect of the subject matters specified in the following schedule to the said order, to me for adjudication:—

SCHEDULE.

"Whether the action of the Vulcan Insurance Co., Limited, Bombay, in not allowing Sarvashri K. M. Udeshi and M. J. Morporia, employees of the Bombay branch to cross the efficiency bar, is justified and, if not, to what relief are they entitled?"

2. After the usual notices were issued the parties filed their written statements and the dispute was heard by me on 27th and 29th July, 1961.

3. It is admitted that the two clerks concerned in this dispute, namely K. M. Udeshi and M. J. Morporia, were both stopped on 1st January, 1961, at the efficiency bar stage of Rs. 238 in the scale of pay for Assistants in force in this company which is Rs. 75—5—105—7—140—10—190—12—238—EB—14—280—15—310. It is admitted that this scale of pay for Assistants was settled by an agreement dated 21st December, 1956, entered into between the Vulcan Insurance Company Ltd., (hereinafter referred to as the company) and the Vulcan Insurance Co. Ltd., Staff Union (hereinafter referred to as the union), representing its workmen. This agreement was reached during conciliation proceedings and is a registered agreement.

4. I may briefly state the admitted facts regarding the service of these two workmen with this company. Udeshi joined this company in about March, 1943, as a clerk, of the Marine Department on a salary of Rs. 40 per month. He was granted regular annual increments even prior to the agreement of 21st December, 1956, and thereafter he earned regular annual increments as provided in the scale of pay under that agreement for Assistants, which term covers all clerks employed at the head office, other than officers and the subordinate staff. According to the union, apart from doing the normal work of the marine department Udeshi on several occasions was also entrusted with certain miscellaneous work relating to the accident department; that there had, throughout his service, been no occasion for any of his superior officers to complain about his work; that prior to the agreement of 21st December, 1956, Udeshi had been granted several special increments for meritorious work and that on his passing the Licentiate Examination of the Federation of the Insurance Institute, with marine insurance as his special subject, another increment was granted to him. The union in its written statement has stated that during 1959, Udeshi was a member of its executive committee and that the management was seeking an opportunity at every stage to hamper the progress of employees who associated themselves actively with the work of the union and that the action of the management in stopping Udeshi at the efficiency bar stage was motivated by circumstances which were extraneous to the work done and duties performed by him and was calculated to assert in theory their right to apply the efficiency bar without considering whether the application was justified or not on the merits of a given employee.

5. With regard to M. J. Morporia he was first employed in 1943, in the fire department, and was, after some time, transferred to the fire treaty department; that on the death of the then head of that department (Shri G. V. Mehta) in 1947, Morporia was entrusted with the work which was originally attended to by the deceased and that he had carried out that work until 1959, during which period three clerks had worked as subordinates under him. It is admitted that special increments granted to Morporia in 1948, 1949 and 1951. The union's case is that Morporia had throughout his service earned his annual increments regularly and had carried out the duties relating to his work efficiently and sincerely and that there was no occasion during the whole tenure of his service for the employers to complain with regard to the efficiency with which he did his work. In his case also the union has contended that in applying the efficiency bar the company was motivated by circumstances which were extraneous to the work done by him, and it is alleged that he had been stopped at the efficiency bar stage on account of his being an active member of the union. In para 9 of its written statement of claim the union has alleged that Udeshi and Morporia were among several other employees who had to file a suit against the employers in the High Court of Bombay (being Suit No. 262 of 1959) for enforcing the terms and

conditions of the agreement of December, 1956, with regard to the grant of increments under the agreed scale of pay and that these two employees had, been singled out for application of the efficiency bar against them because of their union activities. It is thus urged that the term of the management in stopping both these employees at the efficiency bar stage was motivated by a desire to victimise them for their trade union activities.

6. After the annual increment for the year 1961, of both these workmen had been stopped at the efficiency bar stage, the union by its letter dated 1st February, 1961, addressed to the General Manager of the company, protest against the stoppage of Udeshi and Morporia at the efficiency bar stage and against some other employees not having been granted their annual increments. The management by its letter dated 4th February, 1961, referring to the case of Udeshi and Morporia stated as follows :

"In terms of the first agreement Shri Udeshi and Shri Morporia have reached the efficiency bar. General efficiency of these gentlemen now does not warrant any further increment as at present. The management would review this case next year."

An agreement was however reached before the Conciliation Officer (Central) II, Bombay, on 23rd March, 1961, by which the company agreed to allow the annual increments to three of the clerks whose cases, besides those of Udeshi and Morporia had been taken up by the union. I find from the failure report of the Conciliation Officer (Central) II, Bombay, that the union representatives had urged before him that as there was no incident of inefficiency in the work which Udeshi and Morporia were handling independently and as no warnings etc., had even been issued to them, the management could not stop them at the efficiency bar stage. The management's representative had, however, argued before the Conciliation Officer that for crossing the efficiency bar it was not sufficient just to continue to do routine work in a satisfactory manner but that a higher standard of efficiency was expected of which the management was the sole judge; that the management's opinion was that Udeshi and Morporia had not shown any special improvement and hence they were not allowed to cross the efficiency bar.

7. In its written statement in reply the company has stated with regard to Udeshi that the work done by him in the marine department was of a routine nature and done in the usual regular course of working of that department. The company admits that during Udeshi's tenure of service there had been no specific grievance regarding the nature of work done by him but that there was no remarkable efficiency or capacity displayed by him; that after the two special increments were given to him in July 1959 on his passing the licentiate examination, he had not been very efficient and diligent in the performance of his duties and had shown no further improvement and had not come up to the expected standard. The company has observed that in view of the fact that the efficiency displayed by Udeshi not being upto the standard and expectation of the company, he was not allowed to cross the efficiency bar in 1961. The company in para 11 of its written statement has submitted that, "to cross the efficiency bar an employee must satisfy the management and come up to the expectations of the company of being marked with extra efficiency and capabilities" The same stand has been taken by the company with regard to Morporia.

8. In its written statement the union has firstly contended that both these workmen were stopped at the efficiency bar stage out of extraneous considerations, viz., the desire of the employer to victimise them for their trade union activities. The second stand taken by the union is that the standard of efficiency required by this company of a workman before he can be allowed to cross the efficiency bar was wrong in principle and that the management had not properly exercised its discretion in the matter.

9. With regard to the first contention of the union, I am not satisfied that it has been able to establish that the company, in stopping these two workmen at the efficiency bar stage, was actuated by the desire to victimise them for their trade union activities. The management has pointed out that in 1960 out of the 12 employees to whom special increments were granted, two were office bearers of the union and out of the remaining all except one were members of the union. That in 1961, 5 assistants had reached the efficiency bar stage, but only these two were stopped whilst the other three were allowed to cross the bar. The union has led no evidence at all in support of its allegation that the management was actuated by any anti-union bias. The mere fact that Udeshi and Morporia were two amongst several other workmen who were parties to the suit filed in the Bombay

High Court would not by itself establish animus against them. I, therefore, reject the first contention of the union.

10. This brings me to the second contention of the union, namely, that the application of the efficiency bar in the case of these two workmen was not justified because the company had adopted wrong standards in judging the efficiency of the workmen. Shri Parikh, the learned Advocate for the Union has argued that the company's standard of efficiency namely that only those employees whose work was marked with extra efficiency and capabilities would be entitled to cross the efficiency bar was wrong; that whether an employee should be allowed to cross the efficiency bar could not be dependent merely upon the discretion of the management but that a workman who had shown general and sustained efficiency in his work till he reached the efficiency bar stage in the scale of pay would be entitled to cross the bar.

11. Shri Gagrat, the learned Advocate, for the employers, on the other hand, has vehemently argued that whether to allow an employee to cross the efficiency bar stage or not was entirely a managerial function and that no industrial dispute could be raised with regard to the management's action in applying the efficiency bar. I am not prepared to accept this contention in this bold form. In my opinion, even the application of the efficiency bar against an employee or more than one employee can be the subject matter of an industrial dispute as defined by section 2(k) of the Industrial Disputes Act because it would in my opinion be a matter relating to the terms and conditions of employment or with the condition of labour of the workmen. I am not prepared to accept the extreme proposition urged by Shri Gagrat that under no circumstances can the application of the efficiency bar by an employer give rise to an industrial dispute. If an employer applies the efficiency bar perversely or with a view to victimise the workmen or workman "or their or his trade union activities, surely that would give rise to an industrial dispute which Government could under section 10(1) of the Industrial Disputes Act refer to a Tribunal for adjudication. I, therefore, reject the company's objection, which has been urged as a preliminary objection, that what has been referred to the Tribunal is not an industrial dispute.

12. I may as well at this stage dispose of another preliminary objection urged by the company in its written statement. The objection is that this Tribunal has no jurisdiction and that the proper forum for deciding the present claim would be the Payment of Wages Authority. In my opinion there is no substance in this contention. The claim is not for recovering an ascertained amount of arrears of wages from the employers, but is an industrial dispute with regard to whether the application of the efficiency bar against these two workmen was justified or not, and as such the reference is valid, and I have jurisdiction to entertain it.

13. Now, both parties in support of their respective contentions have referred to a number of decisions of Industrial Tribunals relating to the principles on which efficiency bars are provided in pay scales prescribed by awards of Industrial Tribunals and I proceed to refer to those decisions.

14. Dewar Bahadur D. G. Kamerkar, Member Industrial Court and Industrial Tribunal, Bombay, in his award in the industrial dispute between the Ford Motor Car Co. Ltd., Bombay and its workmen (1948 I.C.R. p. 419 at p. 429) observed that efficiency bars are a good check on Indolence or incompetence. In a later decision in the case of the Bombay Gas Co. Ltd. (1948 I.C.R. p. 781 at p. 791) another Industrial Tribunal of Bombay, Shri P. S. Bakhle observed that efficiency bars were absolutely necessary, otherwise the employee would have no incentive for improvement throughout his service. The late Shri M. C. Shah, Member Industrial Court and later Chief Justice of the then High Court of Saurashtra, in his award in the dispute between the Oriental Government Security Life Insurance Company and its workmen, (1949 ICR page 563 at page 582) referred and relied upon the observations of the first Pay Commission on the principles underlying the provision of efficiency bars. Shri Shah in para 16 of his award observed as follows:—

"...the desirability of an efficiency bar has been recognised in the Pay Commission's Report and in several decisions of Adjudicators and of the Industrial Court. An efficiency bar is a sanguine provision for ensuring due diligence and an incentive for work and in the absence of it there is always the danger of the employee turning into an automaton secure in the belief that whether he was efficient or otherwise or whether he worked or not, there was nothing to prevent him from reaching the maximum of the scale. If as is urged the employer gains a certain standard of proficiency in his work, he would certainly cross the efficiency bar and there is no reason for any apprehension

on that score. There is equally no substance in the apprehension that the efficiency bar or bars would be used for victimising the employees. Similar contentions were urged in the Banks' case but were rejected by Sir Harsidhbhai and for very good reasons"

Dewar Bahadur D. G. Kamerkar, Industrial Tribunal, Bombay, in his award in the industrial dispute between the British Insulated Callendars' Cables Company and their workmen (1949 I.C.R. page 909 at page 920) observed:—

"Efficiency bars and grades are in my opinion absolutely necessary for insisting on sustained efficiency and for providing the necessary incentive to merit."

In his award the learned Tribunal quoted the following passage in Report of the first Central Pay Commission relating to efficiency bars appearing on page 39 at para 60:—

"We are not prepared to ignore the fact that right down from the time of the Islington Commission all responsible parties have regarded the principle of efficiency bars as an indispensable part of the time scale system if it is to work satisfactorily. Stoppage of increments is regarded and rightly regarded as in the nature of a condemnation and the attitude of the head of the office in resorting to that course must be different from his attitude in applying the efficiency bar. The principle of the efficiency bar is that on reaching a certain point in the salary scale an officer shall be certified as competent to carry out the higher duties of the grade before further salary advances are granted."

15. A Bench of the Labour Appellate Tribunal at Calcutta in the case of the Associated Cement Cos. Ltd., Chaibasa and its workmen (1955 LAC p. 563 at p. 569), observed that annual increment was the normal rule and that it could be withheld for misconduct, inefficiency, habitual negligence or insubordination. There is also another decision of the Labour Appellate Tribunal, Calcutta in the case of Ananda Printing House and its workmen (1957 LAC p. 433 at p. 442) where on the question of the provision of annual increments it was observed:—

"Increments shall be annual and ordinarily speaking the workmen are entitled to get their increments in the usual course subject however to the right of the management to withhold the increment in suitable cases but only after notice to the particular workman giving reasons for withholding an increment and after giving an opportunity to meet the charge of the management."

16. As pointed out by the first Central Pay Commission there is a clear distinction between the stoppage of annual increment which would be an act of condemnation of the workman and the stoppage of a workman at the efficiency bar stage, which has a different connotation, inasmuch as it means that the workman has failed to acquire the necessary competence which would enable him to carry out the higher duties of the grade before further salary advances can be granted to him.

17. I find that the same principle has been accepted by the Special Bench of the Labour Appellate Tribunal in its decision in the appeals against the award of the All India Industrial Tribunal (Bank Disputes) where, in paragraph 177, it has observed:—

"An efficiency bar shall be applied very sparingly. The general test should be whether an employee has fallen below that standard of efficiency normally expected of him at that particular stage of his career where the efficiency at the start has been reinforced by the experience from which he should have profited."

18. I am inclined to hold that the correct principle with regard to the application of efficiency bars is as stated in the observations of the first Central Pay Commission quoted above, and in the directions given by the Special Bench of the Labour Appellate Tribunal in its decision in the Banks' Appeals.

19. Shri Parikh, learned Advocate for the workmen has urged that if a workman has done his normal duties in a satisfactory manner it would be indicative of sustained efficiency and he would be entitled to claim the right to cross the efficiency bar stage. Shri Parikh has further argued that the test laid down by the management to enable an employee to cross the efficiency bar stage viz., that he must show extra efficiency and capability was a severe one which is not supported by the awards of Industrial Tribunals referred to above.

20. I think the management had given the correct reasons for stopping these two employees at the efficiency bar stage in its reply to the letter of the union dated 4th February 1961 wherein it had stated that the general efficiency of these gentlemen did not justify any further increment as at present and that the management would review their case next year. In the conciliation proceedings also the stand of the management was that in order to cross the efficiency bar it was not sufficient that the workmen should continue to do routine work in a satisfactory manner but that at the efficiency bar stage a higher standard of efficiency was expected to discharge the higher duties of the grade of which the management was the sole judge, and that as these two workmen had not reached that staff of efficiency they were not allowed to cross the efficiency bar. But in its written statement it has sought to apply severer standards. The standards which it had stated in its letter of the 4th February and before the Conciliation Officer, are consistent with the standards which the first Central Pay Commission has laid down and those which the Labour Appellate Tribunal has laid down in its decision in the Banks Appeals. In my opinion, before a workman can claim to cross the efficiency bar stage he must, in the opinion of his employer, be competent to carry out the higher duties of the grade before further salary advances are granted. In this connection, it is necessary to remember that in this company there is one single scale of pay for all the clerical staff, who are not divided into Junior Clerks and Senior Clerks and in my opinion before an assistant can reach the higher stages of the scale of pay beyond the efficiency bar he must, to the satisfaction of his employers, be held to be competent to carry out the higher duties required of a senior assistant, which he should be able to discharge competently, in view of the experience gained by him by his past service. In this case the management felt that both these workmen were not competent to carry out those higher duties and therefore did not allow them to cross the efficiency bar stage in 1961. In my opinion, there is therefore, in this case, no justification for the Tribunal to interfere with this action of the management.

21. Though I am not prepared to hold that in no case can the decision of the employer to stop a workman at the efficiency bar can be challenged, there is no doubt that this is essentially a managerial function and as such an Industrial Tribunal would hesitate to disturb the action of the employer in applying the efficiency bar, unless the action of the employer is perverse, or tinged with malice or a cloak for anti-Union activity or unfair labour practice. I have already held that in this case there is not sufficient material to justify the charge that the stoppage of these two workmen at the efficiency bar stage was motivated by a desire to victimise them for their trade union activities as alleged by the union, nor is there sufficient evidence to establish that the decision of the management was perverse. I, therefore, do not feel that an interference in the action of the management is called for.

22. My finding, therefore, is that the action of the Vulcan Insurance Company Ltd., Bombay in not allowing Servashri K. M. Udeshi and M. J. Morporia, employees of the Bombay Branch to cross the efficiency bar is not unjustified and the result will be that they will not be entitled to any relief. I may, however, state that the management has assured me that it had already decided to allow Udeshi to cross the efficiency bar stage by the beginning of next year and that Morporia's case will also be reviewed at the end of the current year.

No order as to costs.

Sd./- SALIM M. MERCHANT,
Presiding Officer,
Central Government Industrial Tribunal,
Bombay.

[No. 70(6)/61-LRIV.]

New Delhi, the 12th September, 1961

S.O. 2232.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Delhi, in the industrial dispute between the employers in relation to the Bank of Rajasthan Limited, Jaipur and their workmen.

BEFORE THE CENTRAL GOVT. INDUSTRIAL TRIBUNAL, DELHI.

PRESENT:

Shri E. Krishna Murti,
Central Govt. Industrial Tribunal, Delhi
23rd August, 1961.

I. D. No. 165 or 1961.

BETWEEN

The employers in relation to the Bank of Rajasthan Limited, Jaipur.

AND

Their workmen.

AWARD

By G.O. No. 51(23)/61-LRIV, dated the 15th May, 1961, the industrial dispute between the employers in relation to the Bank of Rajasthan Limited, Jaipur, and their workmen, has been referred to this Tribunal for adjudication under Section 10(1)(d) of the Industrial Disputes Act, 1947.

2. The term of reference is as follows:—

"Whether the claim of Shri G. L. Gupta for payment of Cashier's allowance is justified in terms of para 164(b) of the Sastry Award, and if so, from what date."

3. It is alleged in the statement of claim, filed on behalf of the workman, that Shri G. L. Gupta joined the service of the Bank of Rajasthan on 20th February, 1956, that he was transferred to Pali Office with effect from 3rd August 1960, that he was both the paying and receiving cashier, that as a single cashier he signed the cash balance book, that he is entitled to special allowance according to Paragraph 164(b) of the Sastry Award, and that the Bank should be directed to pay him the special allowance due to him.

4. It is contended on behalf of the Bank, that it is true, that Shri G. L. Gupta is acting cashier at Pali Branch since 3rd August 1960, that however he is not the only cashier there, that the other key of the safe remains with the Manager, that it is not true, that handling of keys, and signing cash balance book is a responsible duty, that Shri G. L. Gupta did not discharge such duties, as to enable him to claim special allowance, that the Pali Office is not a pay office, or sub-office, that Paragraph 164 has no application to the claim of the workman, and that he is not entitled to the payment of cashier's allowance.

5. Both parties agreed, that the issue is as in the term of reference.

6. This is a dispute between the employers in relation to the Bank of Rajasthan Limited, Jaipur and their workmen.

7. When this matter came on for hearing, it was represented on behalf of the union that Shri G. L. Gupta did not press his claim for special allowance, and that he withdrew the same. The memo, Ext. W/1 was filed in this connection, both by Shri G. L. Gupta and also by Shri R. L. Kapur, a member of the Working Committee of the Union. In view of the memo Ext. W/1, it is clear, that the claim of the workman is not pressed, and that he withdraws his claim, and he has prayed, that he be permitted to withdraw the claim. In these circumstances, the workman is not entitled to any relief.

8. In the result, an award is passed as follows:—

(i) Shri Girdhar Lal Gupta is not entitled to Cashier's Allowance under Paragraph 164(b) of the Sastry Award, as claimed, and he is not entitled to any relief, as he has not pressed, his claim and has withdrawn it.

(ii) There will be no order as to costs.

(Two pages)

The 23rd August, 1961.

Sd/- E. KRISHNA MURTI.
Central Govt. Industrial Tribunal: Delhi.
[No. 51(23)/61-LRIV.]

S.O. 2233.—In pursuance of section 17 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby publishes the following award of the Industrial Tribunal, Delhi, in the industrial dispute between the employers in relation to the Punjab National Bank Limited and their workmen.

BEFORE THE CENTRAL GOVT. INDUSTRIAL TRIBUNAL, DELHI.

PRESENT:

Sd./- E. KRISHNA MURTI,
Central Govt. Industrial Tribunal, Delhi.
26th August, 1961.

I. D. No. 597 of 1959.

BETWEEN

The employers in relation to the Punjab National Bank Limited, New Delhi,

AND

Their workmen.

Shri M. K. Jain for the management.

Shri H. L. Parwana & V. N. Sekhri for the workmen.

AWARD

By G.O. No. [LRII-10(22)/59], dated the 7th November, 1959, the industrial dispute, between the employers in relation to the Punjab National Bank Limited, New Delhi, and their workmen, has been referred to this Tribunal for adjudication under Section 10(1) (d) and 12(5) of the Industrial Disputes Act, 1947.

2. The term of reference is as follows:—

“Whether the special allowance now granted by the Punjab National Bank Ltd., to their workmen designated as Tellers is adequate having regard to the nature of their duties and responsibilities and emoluments paid to persons discharging similar duties and responsibilities in other Banks of similar status and, if not, what amount of special allowance should be granted to them?”

3. It is alleged in the statement of claim filed on behalf of the All India Punjab National Bank Employees' Association, that the Bank is now paying the workmen, designated as Tellers, (1) Rs. 10/- as Machine Allowance, and (2) Rs. 15/- as Cash Risk Allowance, that in all Rs. 25/- is being paid to the said category of employees, that the Bank is not paying these employees, the Tellers, any special allowance for the supervisory duties they are discharging, as prescribed in Paragraph 164(b) (ix) of the Sastry Award, that in addition to the allowance already referred to, the workmen known as Tellers are entitled to the minimum special allowance of Rs. 50/- as prescribed in Paragraph 164(b)(ix) of the Sastry Award, because of their performing supervisory duties, as mentioned in the statement of claim, that the various duties, as enumerated and performed by Tellers, are all of purely supervisory nature, for which the Sastry Award has fixed the supervisory allowance of Rs. 50/-, that the Bank is not paying to the Tellers, despite their doing supervisory duties, the minimum special allowance of Rs. 50/-, as indicated in Paragraph 164(b)(ix) of the Sastry Award, that the employees termed as Tellers are entitled to the amount of special allowance of Rs. 50/- in addition to the amount of allowance being paid to them, and that the Bank should be directed to pay the Tellers the special allowance of Rs. 50/- in accordance with the Sastry Award, in addition to the amount of Rs. 25/- being paid to them.

4. It is alleged in the statement of claim of the All India Punjab National Bank Employees' Federation, that the Punjab National Bank is an A Class bank, that for A Class banks the Sastry Award provides in Paragraph 164(b), for payment of supervisory allowance at the rate of Rs. 50/- per month, that the Bank first introduced the Prompt Payer System, and later the Teller System, that the duties performed and responsibilities held by Tellers are full of risks, that accordingly a Teller cannot be below the rank of a supervisor, that in fact the Bank deputed supervisors to work as payers or prompt payer, that the management has, for the purpose of duties and responsibilities, been treating the Tellers as belonging to the cadre of supervisory staff, that the duties and responsibilities of Tellers are of such a nature, that they fall in the category of supervisory staff, entitling them to payment of special allowance, as prescribed in the Sastry Award, that the Tellers

perform the various duties, as mentioned in the statement of claim, that the Bank did not properly implement the Sastry Award in the case of Tellers, as it did not pay them the supervisory allowance of Rs. 50/- as prescribed in Paragraph 164(b) of the Sastry Award, that they made such payment to a few Tellers, but not to the majority of them, that the Federation approached the Bank in regard to payment to the Tellers of the Supervisory Allowance of Rs. 50/- per month as prescribed in paragraph 164(b) of the Sastry Award from the date, the Tellers were entrusted with such duties, and responsibilities that there are persons belonging to supervisory cadre, having lesser duties and responsibilities, who are paid supervisory allowance of Rs. 50/-, as prescribed in paragraph 164(b) of the Sastry Award, that the Teller System does not exist in any other bank except the First National City Bank of New York, that persons, performing such duties are being paid high salary, and treated as officers, that the Punjab National Bank has acted wrongly, and committed a breach of the Award, and is guilty of non-implementation of the Award, by denying the special allowance of Rs. 50/- per month to the Tellers, and that, therefore, the Punjab National Bank Limited should be directed to pay the supervisory allowance of Rs. 50/- per month to each of the Tellers, in addition to the amount of Rs. 25/- per month, that is being paid to them from the date when the persons concerned began to perform Teller's duties.

5. Then contention on behalf of the management is, that the Bank is paying the Tellers Rs. 10 as Comptist Allowance, and Rs. 15 as Teller's Allowance for passing cheques and handling cash that it is denied, that the Tellers are performing any supervisory duties that they are not entitled to the special allowance of Rs. 50, prescribed for supervisors in the Sastry Award, that it is not true, that the duties performed by Tellers are of a Supervisory nature, for which the special allowance of Rs. 50 is to be paid that supervisors who pass and make payment of cheques at the counter perform other duties, which are of a supervisory nature, that it is not true, that there is any discrimination practised in regard to Tellers, and that they are not entitled to the special allowance of Rs. 50/-, and that the allowance, that is being paid to them is adequate.

6. Both parties agreed, that the issue is as in the term of reference.

7. This is a dispute between the employers in relation to the Punjab National Bank Limited, New Delhi, and their workmen.

8. In this dispute the question is raised, whether the special allowance, that is being now paid to the Tellers in the Punjab National Bank, is adequate, having regard to the nature of their duties and responsibilities, and having regard to the emoluments paid to persons discharging similar duties and responsibilities in other banks of similar status, and if not, what amount of special allowance should be granted to them. Two claim statements were filed in this dispute, one by the All India Punjab National Bank Employees' Association, and the other by the All India Punjab National Bank Employees' Federation. In both these claim statements, it is admitted, that the Tellers are being paid at present the following allowances:—

- (1) Rs. 10 as Machine Allowance, and
- (2) Rs. 15 as Cash Risk Allowance.

Thus the Punjab National Bank are paying the Tellers Rs. 25 at present as special allowance.

9. In both the claim statements the contention is raised on behalf of the Unions, that the workmen, designated as Tellers, are doing the duties of a supervisory nature, that, in view of the duties performed by them and responsibilities entrusted to them, and risk undertaken, they fall within the category of supervisory staff, entitling them to the payment of special allowance as prescribed in Paragraph 164(b)(ix) of the Sastry Award, that accordingly they are entitled to recover the supervisory allowance of Rs. 50, as prescribed in Paragraph 164(b) of the Sastry Award, from the date when the Tellers were entrusted with the duties and responsibilities performed by them, that the Bank has not implemented the Sastry Award, and that the Bank should be directed to pay the supervisory allowance of Rs. 50, plus the allowance of Rs. 25, that is already being paid to the Tellers. The filing of statements on either side including the re-joinder was completed by January, 1960. Thereupon both parties took considerable time for production of documents in support of their respective contentions. Originally the workmen filed affidavits in support of their claim, and took a considerable time till August, 1960 for filing of these affidavits. Thereupon on behalf of the Bank certain counter-affidavits were filed, and the matter was posted for further hearing. At that stage both parties requested permission to adduce oral evidence, and also produced a number of documents. A number of witnesses were examined on either side, and the documents Exts. M/1-82, and Exts. W/1-318 were produced and marked.

in evidence. The production of evidence, both oral and documentary was completed by January, 1961, and the matter was posted for arguments. Elaborate arguments were heard on either side, and they were concluded on 7th February, 1961 and judgment was reserved. At that stage Shri Jain for the management filed a petition on 14th February, 1961, for adducing additional evidence. The petition in question is I.A. No. 18 of 1961. The management also filed an additional statement to the effect, that, in view of the terms of reference before the National Tribunal, constituted by the Government of India Notification dated 21st March, 1960, the matter pending adjudication in the present reference was also pending adjudication before the National Tribunal, and between the same parties, and that, therefore, the present reference before this Tribunal stood quashed. It may be remarked in this connection, that the reference in the present case, I.D. No. 597 of 1959 is dated 7th November, 1959. A copy of the reference before the National Tribunal has been marked as Ext. M/76, and the Notification is dated 21st March 1960. It is a matter of note, that the Bank did not take the defence, that the present reference stood quashed on account of the reference before the National Tribunal in their original written statement. Because by the time of the date of the original written statement, 29th December, 1959, the reference to the National Tribunal had not been made. In spite however of the fact, that the reference to the National Tribunal was made on 21st March, 1960, the Bank did not take the objection based upon it till, February, 1961, when the supplementary written statement was filed on behalf of the Bank. This was opposed on behalf of the workmen. However, as the objection taken was, that, in view of the reference to the National Tribunal, the reference to this Tribunal in I.D. No. 597 of 1959, stood quashed, the supplementary written statement was allowed to be received, as the question, that was raised, was one of jurisdiction. The objection as to want of jurisdiction could not be excluded on the ground, that it was raised at a late stage, when the matter was pending judgment. The Bank filed a petition for adducing further evidence, in support of the contention based upon the reference to the National Tribunal. This was opposed on behalf of the workmen. After hearing both parties, an order was passed on 21st March, 1961, by which the Bank was permitted to raise the objection, based upon reference to the National Tribunal, and also to adduce further evidence in support of their contention. The workmen were also permitted to lead evidence in support of their contention. The Bank filed further documents in this connection. At this stage both parties represented, that an appeal pending in the Supreme Court against an award passed in a dispute between The Punjab National Bank Limited, and Their workmen, was likely to be heard soon, and that the judgment in this case should be deferred. That appeal was C.A. No. 476 of 1960, and it was preferred by the Punjab National Bank against an award, wherein it was directed, that Shri M. R. Sood, who was working as a Teller in the Punjab National Bank at Kanpur, should be granted special allowance of Rs. 50 on the ground of his discharging the duties and responsibilities of a supervisor. In view of the fact, that in the present case also the workmen claimed, that the Tellers were doing duties and discharging responsibilities of a purely supervisory nature, and that they were entitled to the special allowance of Rs. 50 prescribed in Paragraph 164(b) of the Sastry Award, and that the Bank had not implemented the terms of the Sastry Award in the case of Tellers, it was considered desirable by both parties, that the judgment of the Supreme Court should be awaited before this reference was finally disposed of. This judgment of the Supreme Court was delivered on 20th July, 1961, and it was held therein, that the duties performed by the Teller in that case Mr. Sood were not those performed by supervisors, and that the Teller in question did not belong to the cadre of supervisory officer, and that Shri Sood could not be said to hold a supervisory post, so as to take his case under Paragraph 164 of the Sastry Award. The Bank has now pressed the objection as to want of jurisdiction.

10. The contention, that has been now raised before me by Shri Jain on behalf of the Bank is, that, in view of the decision of the Supreme Court, the claim advanced on behalf of the workmen, that Tellers are doing duties of a supervisory nature, and that, therefore, they are entitled to the special allowance of Rs. 50, as prescribed under Section 164(b) of the Sastry Award cannot any longer be sustained, and that even apart from the above, in view of the terms of reference in this case, the matter should be deemed to have been quashed on account of the reference to the National Tribunal. It is clear from the judgment of the Supreme Court, that the duties, that were performed by Shri Sood, the Teller therein, were not those of a supervisory nature, and it was held, that he was not entitled to supervisory allowance, as prescribed in Paragraph 164(b) of the Sastry Award. No doubt, in the judgment of the Supreme Court, the following observations occur:—

"As we have already pointed out, though the reference was made in wide terms, the respondents based Mr. Sood's claim for the special allowance on the narrow and exclusive ground of the provisions contained

in paragraph 164 of the Sastry Award. It is on that basis that the Tribunal had dealt with the claim and made an award in favour of Mr. Sood, and it is on that basis alone that we propose to deal with this appeal. Our decision, therefore, should be read solely in the light of the case made out by the respondents for Mr. Sood. If the Tellers employed by the appellant think, that they are entitled to claim additional allowance having regard to the nature of the duties assigned to them and having regard to the salary paid to officers discharging corresponding functions in other banks, it would be open to them to make an appropriate demand in that behalf, and if such a demand is referred for industrial adjudication, that no doubt would be tried on the merits unaffected by our decision in the present appeal."

The reference in Shri Sood's case has not been produced in the present case. However, it can be gathered from the judgment of the Supreme Court, that the issue, which was referred for adjudication was, whether the special allowance granted by the Punjab National Bank to Mr. Sood was adequate having regard to the nature of his duties and responsibilities, and the emoluments paid to persons discharging similar duties and responsibilities in other banks of similar status, and, if not, what amount of special allowance should be granted to him. It will be noticed, that the reference in Shri Sood's case is practically similar to the reference in the present dispute. However, as pointed out by the Supreme Court in Shri Sood's case, in that case the workmen based their claim for special allowance solely and specifically under Paragraph 164(b) of the Sastry Award. In the present claim statement the workmen have based their claim on Paragraph 164(b) of the Sastry Award, and claimed, that, as the Tellers were performing duties of a supervisory nature, they were entitled to special allowance of Rs. 50.

11. After the judgment of the Supreme Court was delivered, the All India Punjab National Bank Employees' Federation filed a petition for amendment of the claim statement, praying, that, in view of the duties performed, and responsibilities held by the Tellers, and in view of the status and emoluments of the workmen in other comparable banks, the Tellers were entitled to the special allowance, as claimed. A similar petition was filed on behalf of the Punjab National Bank Employees' Association, for amendment of the claim statement. It is alleged in the petition filed for amendment of the claim statement (I.A. No. 58 of 1961), filed by the All India Punjab National Bank Employees' Association, and the U.P. Bank Employees' Federation, that the claim for allowance under paragraph 164(b)(ix) of the Sastry Award was asserted merely by way of a yard stick, that the special allowance was claimed for Tellers even in spite of Paragraph 164(b)(ix) of the Sastry Award, and that a special allowance of Rs. 100 per mensem, instead of Rs. 75 should be directed to be paid to the Tellers, in view of the duties discharged by them, and responsibilities attached to their posts. It may also be mentioned, that the U.P. Bank Employees' Federation also wanted to be impleaded as a party to this present dispute. It will thus be seen, that the workmen are now claiming special allowance even to the extent of Rs. 100, apart from and independent of the claim, under Section 164(b) of the Sastry Award and assert, that they are entitled to the said emoluments, considering the nature of the duties discharged by them, and the responsibilities entrusted to them, and having regard to the emoluments paid to persons discharging similar duties and responsibilities in other banks of similar status. Thus the workmen have now based their claim in terms of the reference in this dispute, and not merely on the ground of the Tellers being entitled to the special allowance payable to supervisors under Paragraph 164(b)(ix), on the ground of their doing duties of a supervisory nature.

12. The objection on behalf of the Bank is, that the claim, as now put-forward on behalf of the workmen, and as mentioned in their petition for amendment of the claim statement cannot be dealt within this reference, because the reference itself stands quashed in view of the reference to the National Tribunal. It seems to me, that this contention on behalf of the Bank must be up-held. In Ext. M/78 the reference to the National Tribunal, Items No. 2, 4, 17, and 22 of the reference are as follows:—

- “2. Scales of pay; method of adjustment in the scales of pay.
- 4. House rent and other allowances, including travelling and halting allowances and leave fare concessions.
- 17. Date of effect of the new award and option, if any, to be given to the existing employees to retain their present terms and conditions of service.

22. Any other question connected with, or arising out of, the foregoing matters."

Ext. M/75 is the charter of demands, that was sent on behalf of the All India Bank Employees' Association. Therein, under the head "scales of pay", there are demands for supervisory grade. The demand is as follows:—

"SUPERVISORY GRADE II

Banks in Group 'A' Rs. 400—25—525—30—645.

SUPERVISORY GRADE I

Banks in Group 'A' Rs. 500—25—525—30—675—35—780".

Then the following Note occurs:—

"Besides Assistant Managers, Accountants, Sub-Accountants, Joint Accountants, Assistant Accountants, Junior and Senior Assistants, Departmental Incharges, persons performing Supervisory work like Head Cashiers, Cash Key Holders, Cashiers-in-charge of Cash, Treasurer Representatives, Head Clerks, Custodian Safe Deposit Vaults, Section Officers, Passing Officers. Tellers, Checkers, should also be placed in appropriate supervisory grade."

Under the head "Special Allowances" Demand No. 5, it is alleged, that special allowance should be paid on consideration of the nature of work involving higher or special skill and responsibilities, and for special qualifications. Ext. M/77 is the statement of claim filed on behalf of the All India Bank Employees' Association, before the National Tribunal. At page 33 paragraph 58, the same scales of pay, as set out above, are demanded for Tellers. There is a further allegation in paragraph 58 as follows:—

"Workmen doing supervisory work in different banks and designated as Assistant Managers, Accountants, Sub-Accountants, Joint Accountants, Assistant Accountants, Junior and Senior Assistants, Junior and Senior Officers, Supervisors, Probationary Assistants, Departmental In charges, persons performing Supervisory work like Head Cashiers, Cash Key Holders, Cashiers-in-charges of Cash, Treasurer Representatives, Head Clerks, Custodian Safe Deposit Vaults, Section Officers, Passing Officers, Tellers, Checkers, etc., etc. should all be placed in appropriate supervisory grades."

In paragraph 59 it is asserted, that the list of supervisory staff was not exhaustive, and that, at the time of hearing, the Association would submit other matters relating to the duties performed by the several categories of workmen, to enable the Tribunal to place them in the proper supervisory grades. Ext. M/83, which was marked on behalf of the Bank on 23th August, 1961, is a copy of the claim statement filed before the National Tribunal by the All India Bank Employees' Federation. The relevant paragraph in this is at page 6. It is alleged, that the employees should be classified for the purpose of pay-scales into (a) Subordinate Staff, (b) Clerical Staff, and (c) Supervisory Staff. In the Supervisory Staff are included the following categories:—

"Asstt. Managers, Sub-Managers, Sub-Agents, Superintendents, Accountants and/or Officers Grade I, Additional or Asstt. Accountants, Supervisors and/or Officers Grade II, Departmental Incharges, Sub-Accountants, Junior Officers, Probationer Assistants, Clerks Incharges, Cashier Incharges, Officer Incharges, Head Cashiers, Senior Assistants, Junior Assistants, Tellers, Godown Inspectors, Inspectors, Auditors, Treasurer's Representatives, Head Clerks, Chief Clerks, Assistants, Caretakers and Caterers, etc."

For supervisory staff the following pay-scales are demanded:—

"Banks in Group 'A' Rs. 250—15—400—25—650

Banks in Group 'B' Rs. 200—15—350—20—550".

Under the head "Special Allowances" at page 12 it is alleged, that special allowance should be given to different categories of employees according to the nature of their work, and responsibilities and educational qualifications, and that the special allowances awarded under the Sastry Award are not adequate. The workmen have put-forward the claim that special allowance, as demanded by them, should be granted. Item No. 4 (Handling Cash) is as follows:—

"Tellers Rs. 50".

A perusal of the statements of claim, filed by the workmen, represented by both the Association and the Federation, before the National Tribunal, establishes, beyond doubt, that the subject matter of adjudication in the present reference in ID No 597 of 1959 is the subject matter of adjudication before the National Tribunal. In fact the question of payment of special allowance is expressly raised in Ext M/83, as referred to above. Moreover it is alleged in the claim statement filed on behalf of the All India Punjab National Bank Employees Federation, filed before this Tribunal, in paragraph 24, that the Teller System as described by the workmen did not exist in any other bank except the First National City Bank of New York, where the persons, performing such duties and holding such responsibilities were being paid high salary and treated as officers. It may be remembered, that under the term of reference in ID No 597 of 1959, one of the considerations to be borne in mind in fixing the special allowance to be paid to Tellers, is, the amount of emoluments paid to persons discharging similar duties and responsibilities in other banks. It may be remarked, that the First National City Bank of New York is party No 21 before the National Tribunal. In my opinion, the subject matter, that arises for adjudication in the present reference in ID No 597 of 1959 is a matter which is under adjudication before the National Tribunal. The question of emoluments of Tellers, including pay and allowances, is the subject-matter of adjudication before the National Tribunal. In fact, special scales of pay, as also allowances, have been demanded for them.

13 It is however, argued, that, in the present reference pending before this Tribunal, there is a demand, that the Tellers should be given the allowance as prayed for, from the date when they were entrusted with the duties and responsibilities of Tellers, but not earlier than 1st April 1954, and that this is not a subject-matter of adjudication before the National Tribunal. I do not agree. There is a specific term of reference, Item No 17 in Ext M/76, as to the date of effect of the new award and this shows, that the date, from which the demand of the workman, if up-held, should be conceded, is also the subject-matter of adjudication before the National Tribunal.

14. On a consideration of the entire circumstances, I am of opinion, that the subject-matter of adjudication in the present reference ID No 597 of 1959 is also the subject-matter of adjudication before the National Tribunal, and the same matter arises for adjudication before both the Tribunals. Accordingly, the provisions of Section 10(6) of the Industrial Disputes Act apply to a case like the present. The said provision is as follows —

"Where any reference has been made under sub section (IA) to a National Tribunal, then notwithstanding anything contained in this Act, no Labour Court or Tribunal shall have jurisdiction to adjudicate upon any matter which is under adjudication before the National Tribunal, and accordingly,—

(a) if the matter under adjudication before the National Tribunal is pending in a proceeding before a Labour Court or Tribunal, the proceeding before the Labour Court or the Tribunal as the case may be, in so far as it relates to such matter, shall be deemed to have been quashed on such reference to the National Tribunal, and

(b) "

I find, that the subject-matter of adjudication in ID No 597 of 1959 is also the subject-matter of adjudication before the National Tribunal, that, accordingly, under the provisions of Section 10(6) of the Industrial Disputes Act, the present reference, ID No 597 of 1959 must be deemed to have been quashed on reference to the National Tribunal and this Tribunal has no jurisdiction to adjudicate upon the matter referred to it.

15 In the result, an award is passed in the above terms.

There is no order as to costs.

(Fourteen pages)

The 28th August, 1961

Sd/- E KRISHNA MURTI,
Central Govt Industrial Tribunal, Delhi

[No 10(22)/59-LRIV]

ORDER

New Delhi, the 12th September, 1961

S.O. 2234.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the Co-operative Fire and General Insurance Society Limited, Madras, and their workmen in respect of the matters specified in the Schedule hereto annexed;

And whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by section 7A and clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby constitutes an Industrial Tribunal of which Shri K. Ramaswamy Goundar shall be the Presiding Officer with headquarters at First Line Beach, Madras-1, and refers the said dispute for adjudication to the said Industrial Tribunal.

SCHEDULE

Whether the terms and conditions of service of the workmen in the Co-operative Fire and General Insurance Society Limited, Madras in respect of the following matters call for any improvement and, if so, to what extent:—

- (1) Scales of pay,
- (2) Dearness Allowance,
- (3) House Rent Allowance, and
- (4) Gratuity.

[No. 70(9)/61-LR-IV.]

G. JAGANNATHAN, Under Secy.

ORDERS

New Delhi, the 6th September, 1961

S.O. 2235.—Whereas an industrial dispute exists between the employers in relation to the Giridih Collieries of the National Coal Development Corporation Limited and their workmen represented by the Coal Workers' Union, Giridih (hereinafter referred to as the Union);

And whereas the said employers and the Union have under sub-section (1) of section 10A of the Industrial Disputes Act, 1947 (14 of 1947), referred the dispute to arbitration by an arbitration agreement and a copy of that agreement has been forwarded to the Central Government;

Now, therefore, in pursuance of sub-section (3) of section 10A of the said Act, the Central Government hereby publishes the said arbitration agreement.

FORM C

(See Rule 7)

AGREEMENT

(Under Section 10-A of the Industrial Disputes Act 1947)

BETWEEN

NAME OF PARTIES—

Representing employers: The Management of N.C.D.C. Ltd's Giridih Collieries:

Representing workmen : Coal Workers' Union, Giridih.

It is hereby agreed between the parties to refer the following industrial dispute to the arbitration of Shri L. P. Dave, Chairman of the Industrial Tribunal, Calcutta.

(1) Specific matters in dispute:—

Whereas the Management of Giridih Collieries consider it their right to superannuate workmen subject to annual review as outlined in Government of India, Department of Mines and Fuel's letter No. C2-14(59)/58 dated, New Delhi, the

25th March 1960 read along with the general directives and clarifications of the Government of India from time to time in this regard and whereas, based on above, the Management have superannuated about 300 workmen during the month of July 1961,

And whereas such workmen of Giridih Collieries as were superannuated in July 1961, through their representatives, the Coal Workers' Union, Giridih, are of the view that such workmen have a right, in terms of prevailing rules and conventions, to continue in service on attaining the age of 55 years for a further period upto the age of 60 years provided they are medically fit as a result of Annual Medical Examination, and further that their superannuation by the Management was not justified,

And whereas a point of dispute has arisen as to whether the Management of the Giridih Collieries have been justified in superannuating these workmen during the month of July 1961,

It is hereby mutually agreed that this matter may be referred to the existing Chairman of the Industrial Tribunal, Calcutta, to arbitrate in the matter, and to lay down details of principles and procedures considered necessary for superannuation of (a) daily-rated (b) monthly-rated employees of the Giridih Collieries whether governed by the Railway Rules or by the Civil Service Rules or by any other Rules or Awards or by directives of the Central Government in this regard.

(ii) Details of the parties to the dispute including the name and address of the establishment or undertaking involved.

(i) Management of Giridih Collieries represented by Shri K. Rai, Joint Chief Mining Engineer, Giridih, P.O. Beniadih, Dist. Hazaribagh & Ors.

(ii) Affected workmen of Giridih Collieries represented by the Coal Workers' Union through Shri Chaturanan Mishra, General Secretary, Coal Workers' Union P.O. Giridih, Dist. Hazaribagh & Ors.

(iii) Name of the Union, if any, representing the workmen in question:
Coal Workers' Union, Giridih.

(iv) Total number of workmen employed in the undertaking affected:
About 9,000 only.

(v) Estimated number of workmen affected or likely to be affected by the dispute.

About 300 only.

We further agree that the majority decision of the arbitrator shall be binding on us.

Signature of the Parties.

Witness:

(1) Sd./- P. N. S. PRADIP,

Sd./- K. RAI,
16-7-61

Dy. S.O.C. Giridih;
16-7-61

Joint Chief Mining Engineer,
(Representing Employers)

(2) Sd./- H. C.S. SAINI,
W. W. O. Giridih.

Sd./- ALLIAN MEAH,
16-7-61.
(Representing Workmen)
Secretary.

16-7-61

Coal Workers' Union.
[No. 4/115/61-LRII.]

New Delhi, the 8th September 1961

S.O. 2236.—Whereas the Central Government is of the opinion that an industrial dispute exists between the employers in relation to the Churulia Colliery and their workmen in respect of the matters specified in the Schedule hereto annexed;

And whereas the Central Government consider it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947, (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Dhanbad, constituted under section 7-A, of the said Act.

SCHEDULE

Whether the management were correct in terminating the services of Messrs. Ramcharan Gope, Ganesh Paharia and Saheb Roy from 10th April, 1961, and Messrs. Bhola Dome, Raman Dome, Ladoo and Haridas Muchi from December, 1960? If not, to what relief are they entitled?

[No. 2/153/61-LRII.]

New Delhi, the 11th September 1961

S.O. 2237.—Whereas the Central Government is of opinion that an industrial dispute exists between the employers in relation to the North Chirimiri Colliery and their workmen in respect of the matters specified in the Schedule hereto annexed;

And whereas the Central Government considers it desirable to refer the said dispute for adjudication;

Now, therefore, in exercise of the powers conferred by clause (d) of sub-section (1) of section 10 of the Industrial Disputes Act, 1947 (14 of 1947), the Central Government hereby refers the said dispute for adjudication to the Industrial Tribunal, Bombay, constituted under section 7A of the said Act.

SCHEDULE

Whether the workers employed in North Chirimiri Colliery of United Collieries Ltd. are entitled to payment of sick-khoraki, and, if so, at what rate and from which date?

[No. 1/36/61-LRII.]

CORRIGENDUM

New Delhi, the 8th September 1961

S.O. 2238.—In the Order of the Government of India in the Ministry of Labour and Employment S.O. No. 1658, dated the 5th July, 1961, published on page 1627, of the Gazette of India, Part II, Section 3(ii), dated the 15th July, 1961, in the Schedule, against Serial No. 3 for "Shri P. B. Singh" read "Shri P. B. Ghosh".

[No. 1/45/60-LRII.]

A. L. HANNA, Under Secy.

MINISTRY OF INFORMATION AND BROADCASTING

ERRATA.

(1) The Folio heading of Page 2274, of The Gazette of India, Part II-Section 3(ii) dated 9th September, 1961, may be read as "The Gazette of India: September 9, 1961/Bhadra 18, 1883" in place of "The Gazette of India Extraordinary".

(2) The S.O. No. of Ministry of Information and Broadcasting Notification No. 11/3/59-FC, dated 31st August, 1961, appearing on page 2274 (last page) of the Gazette of India, Part II—Section 3(ii), dated 9th September, 1961, after S.O. No. 2187, may be read as "S.O. 2188".

MINISTRY OF FINANCE

(Department of Economic Affairs)

New Delhi, the 6th September 1961

S.O. 2239.—In exercise of the powers conferred by section 53 of the Banking Companies Act, 1949 (10 of 1949), the Central Government, on the recommendation of the Reserve Bank of India, hereby declares that the provisions of section 9 of the said Act shall not apply to the Bank of Maharashtra Ltd., Poona in respect of the properties held by it at Kopargaon, till the 15th March, 1963.

[No. F. 4(91)-BC/61.]

R. K. SHESHADRI, Dy. Secy.

(Department of Economic Affairs)

New Delhi, the 7th September 1961

S.O. 2240.—Statement of the Affairs of the Reserve Bank of India as on the 1st September, 1961

BANKING DEPARTMENT

| Liabilities | Rs. | Assets | Rs. |
|--|---------------|---|---------------|
| Capital paid up | 5,00,00,000 | Notes | 21,81,21,000 |
| Reserve Fund | 80,00,00,000 | Rupee Coin | 2,20,000 |
| National Agricultural Credit (Long-term Operations) Fund | 50,00,00,000 | Subsidiary Coin | 3,75,000 |
| National Agricultural Credit (Stabilisation) Fund | 6,00,00,000 | Bills Purchased and Discounted :— | |
| | | (a) Internal | .. |
| | | (b) External | .. |
| Deposits :— | | (c) Government Treasury Bills | 9,16,52,000 |
| (a) Government | | | |
| (1) Central Government | 52,50,85,000 | Balances held abroad* | 19,58,64,000 |
| (2) Other Governments | 19,83,20,000 | Loans and Advances to Governments** | 53,31,60,000 |
| (b) Banks | 101,25,02,000 | Other Loans and Advances† | 116,77,58,000 |
| (c) Others | 158,65,51,000 | Investments | 275,42,67,000 |
| Bills Payable | 25,74,00,000 | Other Assets | 16,93,47,000 |
| Other Liabilities | 14,09,06,000 | | |
| RUPAS | 513,07,64,000 | RUPAS | 513,07,64,000 |

*Includes Cash & Short term Securities.

**Includes Temporary Overdrafts to State Governments.

†The item 'Other Loans and Advances' includes Rs. 36,00,000/- advanced to scheduled banks against usance bills under Section 17 (4) (c) of the Reserve Bank of India Act.

Dated the 6th day of September, 1961.

An Account pursuant to the Reserve Bank of India Act, 1934, for the week ended the 1st day of September, 1961

ISSUE DEPARTMENT

| Liabilities | Rs. | Rs. | Assets | Rs. | Rs. |
|--------------------------------------|------------------------|-----|---|------------------------|-----|
| Notes held in the Banking Department | 21,81,21,000 | | A. Gold Coin and Bullion : - | | |
| | | | (a) Held in India | 117,76,03,000 | |
| Notes in circulation | 18,72,61,63,000 | | (b) Held outside India | | |
| Total Notes issued | 18,94,42,84,000 | | Foreign Securities | 116,86,07,000 | |
| | | | TOTAL OF A | 234,62,10,000 | |
| | | | B. Rupee Coin | 126,24,67,000 | |
| | | | Government of India Rupee Securities | 15,33,56,07,000 | |
| | | | Internal Bills of Exchange and other commercial paper | | |
| TOTAL LIABILITIES | 18,94,42,84,000 | | TOTAL ASSETS | 18,94,42,84,000 | |

Dated the 6th day of September, 1961.

M. V. Ranga Chari,
Dy. Governor.

[No. F. 3(2)-BC/61.]

New Delhi, the 12th September 1961

REPORT OF THE CENTRAL BOARD OF DIRECTORS OF
THE RESERVE BANK OF INDIA

For the year July 1, 1960—June 30, 1961

S.O. 2241.—In accordance with section 53(2) of the Reserve Bank of India Act, 1934, the Central Board of Directors has submitted to the Government of India the following report on the working and accounts of the Bank for the year ended June 30th, 1961.

DEVELOPMENTS IN THE ECONOMY

General.—During the accounting year ended June 30, 1961—which broadly corresponds with the final year of the Second Five Year Plan—the favourable developments in the Indian economy were a rise in aggregate investment, an encouraging advance in agricultural output and a record rate of increase in industrial production. The more sombre side of the picture included a sharp drop, for the second year in succession, in the output of raw jute and a deterioration in the balance of payments, with exports inadequately responsive to growing needs. The combined effect of natural factors, on the one hand, and of rising investment and the maturing of previous investment, on the other, was a marked growth of the economy during the year, accompanied, however, by signs of strain with shortages in power, including coal, in steel and cement and in transport. The price level rose further during the year though only by about a third as much as in the previous year, the smaller rise being largely due to the bumper domestic output of foodgrains supplemented by heavy imports from abroad, which began to exert a downward pressure on foodgrains prices from September 1960. Expansion in bank credit to the private sector and to Government led to a further sharp increase in money supply during the year; while the expansion in the former was larger than last year, that in the latter was smaller. The widespread boom in economic activity was also reflected in the ebullience of stock and capital markets and unusual activity in the new issue market for the greater part of the year.

2. In this context, the need for more effective action on the part of the Reserve Bank was clearly indicated, in particular to alleviate the growing pressure of monetary demand on the economy and to restrain inflationary pressures. The moderate action to regulate credit initiated in March 1960 through impounding of additional reserves of banks, which was further reinforced in May 1960, did not have significant effect on the volume of bank credit, which continued to remain high through the slack season, facilitated mainly by the relatively low cost of borrowing from the Reserve Bank. The resulting over-extended position of banks provided the need as well as the opportunity for the more drastic measures of general credit restraint which the Bank instituted in September 1960. It introduced a system of slab rates and quotas to regulate banks' access to Reserve Bank assistance and, at the same time directed banks to raise their average lending rates by at least $\frac{1}{2}$ per cent. Later, however, with a view to easing the impact of seasonal stringency, the Bank withdrew in two stages the additional reserve requirements which had remained in force throughout the slack season. The Bank's open market operations continued to be conducted in consonance with its policy of credit restraint. The selective credit controls continued to be flexibly operated in conjunction with the general credit measures and were either extended or relaxed in accordance with the changing needs of the situation. Further progress was made during the year towards strengthening the institutional machinery for credit to agriculture and industry. In particular, special efforts were made to consolidate and strengthen certain segments of the banking structure through the process of amalgamation and merger.

3. **Production Trends.**—Overall agricultural production had attained a record level in 1958-59, but registered a decline in the following year; the index of agricultural output (base: 1949-50=100), which had risen sharply by 15.4 per cent to 132.3 in 1958-59, fell by 3.9 per cent to 127.2. The decline in 1959-60 was shared both by foodgrains and non-foodgrains, which recorded decreases of 4.5 per cent and 2.6 per cent, respectively. In 1960-61, according to provisional estimates, overall agricultural production is estimated to show substantial improvement. Foodgrains output is likely to be over 78 million tons, exceeding the earlier record of 75.5 million tons in 1958-59. The output of rice is also estimated to touch a record level of 33.7 million tons, which will exceed the Second Plan target of 32 million tons by 5.3 per cent. The output of wheat is also estimated to reach a record level of 10.6 million tons, although it will fall short of the Second Plan target of 11.5 million tons by 7.8 per cent. Among commercial crops the output of cotton (according to trade estimates) shows a rise of 41 per cent from the very low level touched in the previous year and that of groundnuts (according to final official estimates) of 10.5 per cent. The production of raw jute, however, is estimated to have fallen by 12.5 per cent.

4. Progress in industrial production during 1960 was impressive, the rate of growth rising from 8.7 per cent in 1959 to 12.1 per cent. Notwithstanding the rather small increases of 3.5 per cent in 1957 and 1.7 per cent in 1958, the index of industrial production rose over the Second Plan period by about 40 per cent. The actual increase would be higher, if output in the new industries established after 1951, which are not included in the official index of industrial production with 1951 as the base, were also taken into account. The average general index of industrial production (base: 1951 = 100) for 1960 worked out to 170.3, as compared to 151.9 in 1959. The higher rate of growth in 1960 was attributable to new units coming into production, to existing capacity being more fully utilised in some industries, including cement, steel, sugar, engineering and paper and paper boards, to a further appreciable improvement in the labour situation (the number of man-days lost declined from 56.3 lakhs in 1959 to 42.0 lakhs in 1960) and to larger supplies, supplemented by imports, where necessary, of some essential raw materials. With the turn of the year, however, the tempo of industrial production appeared to have slowed down due mainly to shortages of transport and power and, in some cases, of raw materials. The latest available indices of industrial production show a rate of growth in the first quarter of 1961 of 10 per cent as compared to the corresponding period of 1960.

5. **Commodity prices.**— The price situation continued to cause concern during the year under review, for the comparatively small rise in the general price level during the year came on top of a substantial rise in the four preceding years. The general index of wholesale prices (base: 1952-53 = 100) moved up more or less continuously from 122.8 in the last week of June 1960 to a new high of 127.4 in the week ended October 15, 1960, thus crossing the post-Korean peak of 126.4 reached in June 1951. The index declined, seasonally, to 124.2 in the week ended December 31, but subsequently resumed the uptrend to touch a new peak of 127.8 in the week ended March 11, 1961. This was followed by a temporary decline with the index moving down to 125.1 in the week ended June 10, but thereafter it again moved up to 127.2 by the end of June 1961. The index for June 1961 (monthly average of weekly prices) at 125.9 showed a smaller net rise of 2.4 per cent over the June 1960 average (123.0) as compared to a rise of 6.4 per cent in 1959-60, owing mainly to the downturn in foodgrains prices since September 1960.

6. The moderate fall in foodgrains prices was a feature of the price situation in 1960-61. The decline occurred under the sub-group cereals, the index (monthly average) for which declined by 5 per cent, reflecting the impact of the large imports of foodgrains (mainly under P.L. 480) amounting to about 4.3 million tons in each of the two years 1959-60 and 1960-61, and the anticipated record output of foodgrains in the 1960-61 season; other food articles, on the other hand, rose, especially edible oils and tea which moved up by 16.9 per cent and 9.8 per cent, respectively. In the result, the Food Articles group as a whole showed only a negligible rise of 0.2 per cent as compared to a rise of 1.3 per cent in 1959-60. In view of the comfortable supply situation of wheat, the Government of India removed all restrictions on the movement of wheat and wheat products throughout the country with effect from April 5, 1961; the Reserve Bank also removed this commodity from the ambit of its selective controls from May 15. While the Food Articles index remained generally stable, the two groups 'Industrial Raw Materials' and 'Manufactures' which for the first time since 1951 had emerged as important contributory factors to the price rise in 1959-60, recorded further increases in 1960-61, and were mainly responsible for the continued rise in the general price level. The indices for the Industrial Raw Materials and Manufactures groups rose by 6.4 per cent and 4.5 per cent, respectively, as compared to increases of 16.1 per cent and 10 per cent in 1959-60.

7. The rise of 6.4 per cent in the Industrial Raw Materials group was brought about by the sharp increases under raw jute and groundnuts, the indices for which rose further by 11.2 per cent and 14.4 per cent, respectively, on top of increases of 63.1 per cent and 8.3 per cent in 1959-60. The raw cotton index, on the other hand, recorded a modest decline of 1.9 per cent, as against a rise of 7.0 per cent last year, reflecting the improvement in the output of raw cotton in 1960-61 as compared to 1959-60. The index for raw jute, which had averaged at 186.9 in June 1960, shot up to a high of 289.5 for the week ended February 11, 1961, the sharp rise reflecting the tight supply situation following the shortfall in output in two successive years. Thereafter, there was a distinct reversal in raw jute prices, to some extent as a result of the various corrective measures taken by the authorities, but mainly owing to anticipations of a bumper crop in the 1961-62 season, the index dropping to 207.9 for June 1961. The index for groundnut rose from 145.8 in June 1960 to 153.2 for the week ended July 30, and, after declining to 137.5 for the week ended November 19, 1960, rose again to 166.8 for June 1961.

The rise of 4.5 per cent in the Manufactures group, which reflected mainly the impact of the rise in raw material prices, occurred principally under jute textiles, the index for which rose by 10.6 per cent.

8. The all-India working class consumer price index (base: 1949=100) rose initially from 124 in June 1960 to 126 in July 1960, and, after declining to 123 in April 1961, moved up to 125 in June. The average for the year ended June 1961 showed a small rise of 0.8 per cent over 1959-60.

9. During the Second Plan period as a whole the general price level has risen by 30 per cent, in contrast to a decline of 18.4 per cent in the First Plan. The rise during the Second Plan arose primarily from the growing pressure of demand superimposed on basically inadequate agricultural production, both of foodgrains and raw materials. Thus, whereas the shortfall in foodgrains output contributed to most of the price rise in the first three years of the Plan, the fall in the industrial raw materials output was mainly responsible for the rise in the remaining two years. In this context, the imperative need for a stable and satisfactory rate of growth in agricultural production can hardly be over-emphasised.

10. **Monetary Situation and Banking Trends.**—In the monetary sphere, reflecting the continuing high tempo of economic activity, both money supply with the public and scheduled bank credit showed a larger expansion than in the preceding year. Money supply with the public rose by Rs. 204 crores (adjusted for withdrawals of special currency from Kuwait, referred to below) or 7.5 per cent, as compared to Rs. 171 crores or 6.8 per cent in 1959-60. As in the previous year, the bulk of the expansion in 1960-61 also occurred under currency with the public, which accounts for more than two-thirds of total money supply. The growth in money supply in the Second Plan period (end-March 1956 to end-March 1961) was significantly larger than in the First Plan period, the aggregate net expansion amounting to Rs. 722 crores or 33.1 per cent as compared to Rs. 199 crores or 10.1 per cent in the First Plan.

11. In May-June 1959, it may be recalled, a Special Series of India notes to replace the ordinary India notes circulating in the Gulf Sheikdoms of Bahrain, Kuwait, Qatar, the Trucial States and Muscat had been introduced. During the year under review, the Government of Kuwait decided to replace the Indian currency with a local currency, known as the Dinar, with effect from April 1, 1961. In terms of an Agreement arrived at between the Government of India and the Government of Kuwait for the settlement of India's liability in regard to the Indian currency in circulation there, the Kuwait Government was required to retire the Indian currency within a period of 6 weeks from the commencement of the operation or such further period as might be prescribed under the local currency decree and tender the same at the Bank at Bombay. India's liability for the currency so tendered was to be discharged in sterling in eleven annual instalments. The Kuwait Government accordingly retired from circulation and remitted to India Indian currency of the value of Rs. 34.2 crores by the end of June 1961, and this sum was credited to that Government on the books of the Reserve Bank. A sum of Rs. 25 crores from out of the amount credited to the Kuwait Government has since been transferred to the Government of India in accordance with the provisions of the Agreement, and the balance is expected to be transferred to the Central Government in the near future. The Government of India paid to the Kuwait Government, in accordance with the provisions of the Agreement, the first instalment of £ 1.98 millions on July 1, 1961.

12. The expansion in bank credit (covering also non-scheduled and State co-operative banks) to the private sector, which was larger than in the previous year (Rs. 210 crores as against Rs. 190 crores), was the most important factor accounting for the rise in money supply during the year. At the same time, the rise in time deposits (exclusive of P.L. 480*) was smaller, so that the net credit extension by banks to the private sector (Rs. 144 crores) was much larger than in the previous year (Rs. 83 crores). Bank credit to Government (comprising mainly the increase in the Government securities portfolio of the banking system and the change in the cash balances of Government, adjusted for P.L. 480 deposits* with the State Bank) expanded during the year by Rs. 103 crores, as compared to Rs. 144 crores in the preceding year. The growing pressure of demand for bank credit in the past few years is reflected in a progressive decline in the seasonal contraction in money supply; thus, the contraction during the 1960 slack season (May-October) was Rs. 86 crores only as compared to Rs. 112 crores in the 1959 slack season and Rs. 158 crores in the 1958 slack season. The 1960-61 busy season (November-April) expansion (Rs. 282 crores) in money supply was somewhat larger than in the preceding busy season (Rs. 276 crores).

*The figures for P.L. 480 funds are approximations.

13. Aggregate deposit liabilities of scheduled banks (inclusive of P.L. 480 counterpart funds), which had risen by Rs. 235 crores in 1958-59 and by Rs. 228 crores in 1959-60, declined by Rs. 35 crores during 1960-61. This decline was, however, more than accounted for by the change in the arrangements regarding the placement of P.L. 480 funds, whereby these funds ceased to accrue to the State Bank with effect from May 12, 1960 and, at the same time, past accumulations of these deposits with the State Bank were transferred to the Reserve Bank in instalments of Rs. 12 crores per month commencing from July 1960. But for this change, aggregate deposit liabilities would have shown a rise of Rs. 130 crores in 1960-61, which, however, would still be smaller than the rise (excluding P.L. 480 accruals to the State Bank) in 1959-60 (Rs. 163 crores). The smaller growth of deposits was the combined result of several factors including a widening of the balance of payments deficit, the closure of two scheduled banks, one in May and the other in August 1960, which temporarily affected depositors' confidence to some extent, some diversion of deposits to business concerns and the unorganised money market on account of the higher interest rates offered by them, and the slower pace of deficit financing in the last two years. During the year, time liabilities (inclusive of P.L. 480) declined by Rs. 97 crores as against a rise of Rs. 194 crores in 1959-60; demand liabilities, on the other hand, rose by Rs. 63 crores as against Rs. 34 crores in 1959-60 and Rs. 7 crores in 1958-59.

14. The increased pressure on bank resources during the year, influenced as they were by the fall in deposits and the temporary imposition of additional reserve requirements, was met by substantial net sales of Government securities by scheduled banks. These amounted to Rs. 191 crores as against net purchases of Rs. 104 crores in 1959-60, Rs. 149 crores in 1958-59, and Rs. 155 crores in 1957-58. The decline in scheduled banks' investments in Government securities during the year is, however, overstated because of the transfers of P.L. 480 funds from the State Bank, just as the rise in banks' investments in the previous three years was exaggerated by the accrual of these funds to the State Bank. The investment-deposit ratio declined over the year from 37.7 per cent to 28.4 per cent. Cash reserves declined in 1960-61 by Rs. 11 crores (to Rs. 145 crores) as against a rise of Rs. 17 crores in 1959-60, reflecting mainly the revocation of the additional reserve requirements imposed in March and May 1960. Cash reserves of scheduled banks had reached a high of Rs. 172 crores on July 15, 1960, with the cash ratio rising to 8.8 per cent. At the end of June 1961, the reserves stood at Rs. 145 crores and the cash ratio at 7.5 per cent as compared to 7.9 per cent a year before. The excessive strain on resources resulted in a larger resort by banks to the Reserve Bank, despite the introduction of the system of slab rates on October 1, 1960. Scheduled banks' outstanding borrowings from the Reserve Bank touched a peak of Rs. 94.5 crores as on March 31, 1961 in the 1960-61 busy season as against Rs. 79 crores in the 1959-60 busy season, the average rate of interest charged by the Bank in respect of these borrowings being 5.46 per cent. Subsequently, however, banks reduced their borrowings appreciably, the outstanding as at end-June 1961 being only Rs. 15.4 crores, of which Rs. 10.5 crores were against usance bills and Rs. 4.9 crores against Government securities.

15. Scheduled bank credit, which had expanded by Rs. 139 crores in 1959-60, rose further by Rs. 163 crores (to Rs. 1288 crores) during the year under review. The expansion in 1960-61 occurred together with a decline in deposit resources (inclusive of P.L. 480 funds) of Rs. 35 crores; in contrast, the expansion in 1959-60 took place alongside a rise of Rs. 228 crores in deposit resources (inclusive of P.L. 480 funds). Exclusive of P.L. 480 funds, as explained earlier, deposit liabilities showed a rise of Rs. 130 crores in 1960-61 as compared to Rs. 163 crores in 1959-60. On the basis of the annual average figures, the rise in bank credit during the year as compared to the previous year was sharper still, being Rs. 185 crores as compared to a rise of Rs. 99 crores, on the average in 1959-60. The comparatively smaller slack season contraction was a major factor contributing to the larger credit expansion in 1960-61. As against a decline of Rs. 118 crores in the 1958 slack season and of Rs. 79 crores in the 1959 slack season, the contraction in the 1960 slack season was barely Rs. 20 crores; a decline in advances against seasonal commodities was mostly offset by increased credits against industrial goods. The expansion in the 1960-61 busy season, on the other hand, exceeded the previous busy season's record level of Rs. 189 crores by Rs. 10 crores. The credit-deposit ratio rose sharply from 57.2 per cent at end-June 1960 to 71.1 per cent by end-March 1961 and stood at 66.7 per cent at end-June 1961; excluding P.L. 480 funds, the ratio worked out to 72.9 per cent at the end of June 1961 as compared to 68.8 per cent a year before. It may be noted that credit expansion in the Second Plan period proceeded at a much faster rate than in the First Plan, the aggregate net rise in the period 1956-61 being Rs. 575 crores or 76 per cent as compared to about Rs. 200 crores or only 35 per cent during the period 1951-56.

16. The short-term money market was characterised by unusually stringent conditions almost throughout the year, due to the heavy strain on the liquidity of banks resulting from the higher level of credit demand, the impounding of additional reserves (until the withdrawal in early January 1961 of the directive in this behalf) and the fall in deposits between September 1960 and January 1961. Money rates consequently recorded a sharp rise. The inter-bank call money rate in Bombay rose from 3.50 per cent in June 1960 to 5.26 per cent in February 1961, and although subsequently the rate declined to 4.46 per cent in June, it was substantially higher than that a year ago (3.50 per cent). In Calcutta, the inter-bank call rate rose from 3.76 per cent in June 1960 to 5.33 per cent in March 1961 and stood at 4.11 per cent in June 1961. Term deposit rates of the larger banks continued to be quoted at the ceiling levels fixed under the All-India Inter-Bank Agreement on Maximum Deposit Rates. Mention was made in last year's Report of the reduction in August 1960, in terms of a revision then made in this Agreement, of the maximum interest rate on notice money from 3½ per cent to 3 per cent and that on term deposits under three months from 3½ per cent to 3½ per cent for one month and over but less than 3 months, and to 3 per cent for less than one month. In the context of the continuing stringency in the money market and of a slackening in the rate of deposit growth, the Agreement was revised twice during the year, *viz.*, in November 1960 and March 1961 in the direction of higher rates. Thus, in November 1960, the rate on deposits for "61 days to less than three months" and that on deposits for "1 year to less than 2 years" were raised by ½ per cent. Term deposits beyond two years, which were formerly not accepted by banks, were made acceptable, and rates ranging from 4 per cent on deposits for two years to 4½ per cent on deposits for five years were fixed. The rate on deposits for a term of or subject to a notice of upto 21 days was, however, reduced from 3 per cent to 2 per cent in compliance with the Reserve Bank's directive of September 21, 1960, but subsequently, in March 1961, following the withdrawal of this directive (effective February 22), this rate was restored to its earlier level of 3 per cent. In the March 1961 revision, term deposits were further regrouped according to maturity and the rates raised by ½ per cent on a number of categories, effective March 15, 1961. Also, the maximum rate on savings bank accounts, which had remained at 2½ per cent since 1958, was raised to 3 per cent, effective April 1, 1961.

17. **Government Finances.**—Government finances in recent years have shown a progressive decline in the combined overall deficits of the Central and State Governments, in spite of the continuous growth in Plan outlays. Thus, while the Plan outlay in the public sector has risen from Rs. 633 crores in 1956-57 (April-March) to Rs. 824 crores in 1957-58, Rs. 1001 crores in 1958-59, Rs. 1011 crores in 1959-60 and Rs. 1071 crores in 1960-61, the overall deficit of the Centre and States together, as shown in the budget documents, has declined from Rs. 478 crores in 1957-58 to Rs. 169 crores in 1958-59, Rs. 158 crores in 1959-60 and Rs. 126 crores in 1960-61. This improvement reflected mainly the increase in tax receipts and the substantial external assistance received for financing the Second Plan. Of the combined deficit of Rs. 126 crores for 1960-61, the deficit on account of the Central Government has been estimated at only Rs. 34 crores, as compared to Rs. 170 crores in 1959-60, the reduction of the deficit reflecting mainly the credit of Rs. 240 crores taken under capital receipts for 1960-61 on account of the accrual of P.L. 480 counterpart funds through sale of special securities to the U.S. Embassy. Viewed from the angle of the wider concept of bank credit to Government, mentioned earlier, the deficit in 1960-61 would work out to Rs. 109 crores as compared to Rs. 174 crores in 1959-60.

18. Net market borrowings of the Central and State Governments during 1960-61 (April-March) amounted to Rs. 134 crores as compared to Rs. 175 crores in 1959-60 and Rs. 227 crores in 1958-59; the decline in 1960-61 is largely accounted for by non-accrual of fresh P. L. 480 funds to the State Bank. Net borrowings of the Centre amounted to Rs. 67 crores as against Rs. 107 crores in 1959-60. In July, 1960, the Central Government floated two cash-cum-conversion loans (*viz.*, the 3½ per cent Bonds 1966 and the 4 per cent Loan 1980) for an aggregate amount of Rs. 175 crores, the total subscriptions to which amounted to Rs. 181 crores, of which Rs. 106 crores were in cash and Rs. 75 crores on account of conversion. Treasury bills for Rs. 50 crores held by the Reserve Bank of India in the Issue Department were funded in January 1961—the third funding operation since July 1958—into further issues of the 3½ per cent National Plan Bonds (Third Series) 1967 (Rs. 10 crores), the 3½ per cent National Plan Bonds (Fifth Series) 1968 (Rs. 30 crores) and the 3½ per cent Bonds 1969 (Rs. 10 crores). Net sales of Central Government Treasury bills (including intermediates) to the public amounted to Rs. 3 crores during 1960-61 as compared to Rs. 0.7 crore in 1959-60.

19. Reference had been made in last year's Report to the floatation by 12 State Governments in August 1960 of market loans for an aggregate amount of Rs. 75 crores. All the loans were cash loans, except those issued by Madhya Pradesh, Madras, Maharashtra and Uttar Pradesh which were cash-cum-conversion loans. Total subscriptions to these loans amounted to Rs. 85 crores, of which Rs. 80 crores (including conversions amounting to Rs. 6 crores) were accepted. Taking into account cash repayments of Rs. 7 crores, the net market borrowings of State Governments during 1960-61 amounted to Rs. 67 crores or about the same as in the previous year (Rs. 68 crores).

20. Gross market borrowing of the Centre for 1961-62, are estimated at Rs. 225 crores.* Net market borrowings (taking into account cash repayments for Rs. 137 crores) are placed at Rs. 88 crores. As the first instalment of the 1961-62, borrowing programme, the Central Government issued on May 15, 1961, a further tranche of the 3½ per cent. National Plan Bonds (Third Series) 1967 for the conversion of three maturing loans, *viz.*, the 3½ per cent. National Plan Bonds (First Series), 1961, the 2½ per cent. Loan, 1961, and the 3 per cent. Hyderabad Loan 1951-61, with total outstandings aggregating Rs. 139 crores. The total amount subscribed was Rs. 93.57 crores. Later, on July 14, the Government announced the floatation of two new cash-cum-conversion loans for a total amount of Rs. 100 crores, namely, (i) a further tranche of the 3½ per cent. Bonds 1969, at Rs. 98.40 per cent. and (ii) the 4 per cent. Loan 1981 at Rs. 98.50 per cent. The maturing 2½ per cent. Loan 1961 and the 3 per cent. Hyderabad Loan 1951-61 were accepted at par for conversion into the new loans. The new loans opened for subscription on July 24, and were closed on July 26 on being fully subscribed, total subscriptions amounting to Rs. 108.6 crores, of which cash subscriptions constituted Rs. 104.9 crores.

21. Thirteen State Governments will shortly come on the market for an aggregate amount of Rs. 80 crores. They will be floating 4½ per cent. loans maturing in 1972, with amounts ranging from Rs. 3 to Rs. 10 crores, and issue prices ranging from Rs. 99.50 to Rs. 100. Taking into account repayment of maturing loans amounting to Rs. 14 crores, the net market borrowings will amount to Rs. 66 crores.

22. The performance of small savings during the year was encouraging. Net receipts of small savings amounted to Rs. 107 crores (provisional) in 1960-61, (April-March), which marked an appreciable rise of Rs. 23 crores over the previous year (Rs. 84 crores) and exceeded, for the first time, the annual average target of Rs. 100 crores fixed for the Second Five Year Plan. Total net collections during the Second Plan period amounted to Rs. 401 crores or over Rs. 80 crores per annum. The increase in small savings during the year was largely accounted for by Post Office Savings Bank Deposits. Net receipts under this item at Rs. 46 crores (provisional) were higher by Rs. 20 crores, the increase reflecting some diversion of deposits from commercial banks early in the year, following the closure of two scheduled banks. For 1961-62, net receipts of small savings are estimated at Rs. 105 crores. Further measures taken during the year to popularise small saving included (1) the reconstitution, in September, 1960, under the chairmanship of a Deputy Minister of Finance, of the National Savings Central Advisory Board, (2) the decision to extend to Cumulative Time Deposits, the payment of commission to employers under the Pay Roll Savings Scheme, which hitherto was restricted to investments in National Plan Savings Certificates and the Treasury Savings Deposit Certificates, (3) the decision to accept maturing 3½ per cent. Treasury Savings Deposit Certificates in lieu of cash for investment in the 4 per cent. Treasury Savings Deposit Certificates, (4) the amendment of the Rules relating to Cumulative Time Deposit Accounts to provide for the immediate payment of the surrender value to the heirs in the event of the death of the depositor in the case of single account and to the survivor in the case of a joint account and (5) the extension of clearing house facilities to General Post Offices (Savings Bank) and certain selected post office savings banks. Receipts from the Five-Year Interest-free Prize Bonds, issued since April 1, 1960, amounted to Rs. 15 crores, of which Rs. 8.9 crores were in Bonds of the Rs. 5 denomination and the balance of Rs. 6.7 crores in Bonds of the Rs. 100 denomination.

23. **Capital Market.**—The capital market on the whole, maintained the buoyancy of the preceding two years, judging from the volume of new issues, although the public's excessive enthusiasm, which had characterised the new issue market in 1959-60, appeared to have abated. In the share market, the boom conditions

*Excluding Rs. 10 crores estimated on account of Prize Bonds.

noticed since January, 1958, continued upto end-July, 1960, but thereafter there was a rather prolonged break in share prices upto mid-January, 1961, which reflected mainly the cumulative impact of the successive credit restraint measures adopted by the Reserve Bank in March, and May, 1960, as well as in September, the regulatory action taken by some of the Stock Exchanges themselves in June, 1960, through a tightening of their margin system, and the market's apprehensions regarding possible official action to restrict the transfer of shares taken up by promoters and their friends and the starting by established companies of new lines of production unrelated to their main line of activity. From mid-January, 1961, however, the primary bullish trend reasserted itself and share prices rose steadily to a new all-time peak by mid-June, 1961. The market's reaction to the budget proposals announced on February 28, 1961, was distinctly bullish. Sentiment was chiefly aided by the reduction in the tax on bonus issues and the tax on royalties received by foreign companies from Indian enterprises as well as by the absence of any increase in corporate taxation. Other bullish factors included the rising trend of industrial production and prospects of further industrial growth in the Third Plan, especially in the context of the continuing import curbs and the various incentive schemes for export promotion, as well as the substantial foreign assistance assured for the implementation of the Third Plan under the aegis of the Aid-India Club. As a result partly of the market's over-bought position and partly the monetary stringency, the bid rates on the Bombay Stock Exchange rose to unduly high levels in the period February-March, 1961. In view of the growing bull pressure on the market, the authorities of the Bombay Stock Exchange reimposed, in early March, 1961, the special deposit making-up prices in respect of a few leading speculative counters, which they had earlier removed in February, 1961, but this appeared to have had no appreciable effect. The Reserve Bank's index of variable dividend industrial securities (base 1952-53)—100 rose initially from 175.4 at the end of June, 1960, to 182.0 by end-July, 1960, and, after dropping to 163.3, by mid-January, 1961, rose again to a new peak of 184.2 in mid-June, 1961, it stood at 183.8 at the end of June. Over the year, the index showed a rise of 4.8 per cent on top of a rise of 16.2, per cent in 1959-60, and 13.4, per cent in 1958-59. As compared to the low of 119.7 reached in early-January, 1958, the June-end 1961, level marked a rise of 54 per cent.

24. Reflecting in part the operation of the Reserve Bank's credit measures, in particular the impounding of additional reserves, the gilt-edged market ruled dull and featureless upto about mid-September, 1960. The imposition of the September 21, credit curbs touched off an easy tendency, which lasted upto early-November, the resultant declines being more pronounced in State loans than in Central loans. A marked recovery ensued thereafter, partly as a sequel to the relaxation of the additional reserve requirements on November, 11, 1960, and their complete revocation on January, 13, 1961, the revival in prices, like the post September, 21, decline, was also comparatively more marked in State loans. For the year as a whole, most of the Central and State loans recorded net declines, which ranged upto Rs 1.95, in the case of Central loans and Rs 2.25 in the case of State loans. The loan floatations of the Central Government in July, 1960, and of the State Governments in August 1960, were fairly successful, although the response was not quite as encouraging as in the previous year. The pressure on the liquidity of the banking system during the year resulted in substantial net sales of Government securities by banks as compared to net purchases in the earlier years. Thus, scheduled banks reduced their gilt-edged portfolio by Rs 191 crores during 1960, in contrast to a net addition of Rs 104 crores in 1959-60*. The Reserve Bank's open market operations resulted in net purchases of Rs 171 crores against net sales of Rs 66 crores in 1959-60, the bulk of these purchases (Rs 144 crores), however, represented the monthly transfer of Rs 12 crores of P. L. 480 funds by the State Bank to the Reserve Bank beginning from July, 1960, the net sales in 1959-60, represented largely sales to the State Bank for investments of P. L. 480 funds. The Reserve Bank's index of prices of Government and Semi-Government Securities (base 1952-53—100) remained unchanged around 101.2, till mid-September, 1960, and after dropping to 100.6 in early November, recovered to 101.0 by the end of June, 1961. The rise in yields was comparatively more marked in State loans, which on an average rose by about 0.20 per cent, as against an average decline of 0.05 per cent in 1959-60, the rise being more marked in medium dated loans (0.25 per cent). Among Central loans, the yields

*This shift was largely explained by the change in the arrangements in regard to the holding of P. L. 480 funds, but even after allowing for this, there was a sizeable decline in the holdings of Government securities of banks.

on mediums rose by 0.10 per cent. and on longs by 0.05 per cent, while the yield on shorts declined by 0.07 per cent.

25. Balance of Payments.—The country's international payments position showed a further deterioration during the accounting year 1960-61. This deterioration, which occurred despite a substantial increase in net official capital receipts, was the result of a widening of the trade deficit coupled with a steep reduction in net receipts under invisibles other than official donations. Export receipts are expected to be somewhat below the level reached last year; import payments, on the other hand, are estimated to rise by more than one-sixth. Reflecting the growing external liabilities, net invisible receipts are likely to be considerably lower than in the preceding year and in fact in the quarter January-March, 1961, there was, for the first time, a net payment on account of invisible transactions, which included India's payment of Rs. 8 crores to the Indus Basin Development Fund. The foreign exchange reserves, therefore, suffered a large draft (Rs. 45 crores) than in the previous year (Rs. 29 crores), the reserves falling from Rs. 327 crores to Rs. 282 crores; special payments, involving foreign exchange outlay amounted to Rs. 52 crores in 1959-60, (on account of the increased subscription to the I.M.F. and the repurchase of rupees from it). The impact of almost the entire fall in the exchange reserves in 1960-61, was in fact borne by the Bank's foreign assets which declined over the year by Rs. 47 crores to Rs. 114 crores, as against a draft of Rs. 31 crores in the previous year.

26. During the first nine months of the Bank's accounting year for which payments data are available, the deficit on current account increased to Rs. 271 crores from Rs. 101 crores in the corresponding period last year, following a rise of Rs. 115 crores in import payments and a drop of Rs. 41 crores in net receipts from invisibles other than official donations and movement of non-monetary gold and a decline of Rs. 8 crores in export earnings. The deficit with the dollar area almost quintupled to Rs. 153 crores; imports rose by more than half over the corresponding period of the previous year, while net invisible receipts declined sharply. An equally sharp movement occurred in respect of the rest of the non-sterling area, a current surplus of Rs. 37 crores in July 1959—March 1960 having turned into a deficit of Rs. 5 crores. Larger imports and invisible payments widened the deficit with the O.E.E.C. countries from Rs. 80 crores to Rs. 106 crores. Contrary to these trends, the payments deficit with the sterling area showed a contraction of Rs. 19 crores to Rs. 7 crores, as a result of a sharp fall in Government imports.

27. Import payments aggregated Rs. 800 crores in the period July 1960—March 1961; in the corresponding period of the previous year, they had totalled Rs. 685 crores. Imports on private account accounted for Rs. 65 crores of the rise over the year, while Government imports, which were responsible last year for the entire reduction from the 1958-59 level, rose by Rs. 50 crores. Private imports at Rs. 442 crores reached a quarterly average of Rs. 147 crores in the period under review; they had averaged about Rs. 123 crores in 1959-60, Rs. 163 crores in 1957-58 and Rs. 205 crores in 1956-57; the rise in the first nine months of 1960-61 reflected the rising maintenance requirements of the economy. Food imports under P.L. 480 accounted for the whole of the rise in Government imports, the larger imports of iron and steel and capital equipment having counterbalanced the fall in communication and defence stores.

28. With a high level of economic activity at home and abroad and especially in nearly all our major markets, export earnings of Rs. 479 crores in the first nine months of 1960-61 were disappointing. Jute manufactures, which were helped greatly by the smart rise in jute prices, brought in Rs. 104 crores or Rs. 19 crores more than last year, and constituted, apart from metallic ores and oilseeds, the only major export item recording a rise over the corresponding period of last year. Earnings from cotton manufactures declined by Rs. 9 crores, oilcakes by Rs. 8 crores, tanned hides and skins by Rs. 6 crores, and tea and raw hides and skins by Rs. 3 crore each, while those from vegetable oils nearly halved to less than Rs. 8 crores. Metallic ores, which earned Rs. 3 crores more than last year, were helped by the special agreements in respect of iron and manganese ores. Even though the unorthodox Chinese competition of the earlier years was not very noticeable, the improvement in cotton textiles exports witnessed last year proved short-lived owing partly to the shortage of home-grown cotton during the greater part of the period under review and the use of imported cotton by mills leading to a rise in costs, and partly to restrictions on textile imports imposed by the U.K. The relatively poor export performance reflected the severe competition that all major exports had to face abroad.

and emphasised the imperative necessity to reduce costs and improve quality at the same time as the volume of output is increased and the range of export products is diversified. Fuller utilisation of existing capacity in some industries and modernisation and rationalisation of other industries are urgently called for. A thorough probe is at the same time required into the factors—general and specialised, relating to raw material prices or wagecosts—which account for the steady rise in the cost-structure that erodes the ability of industry to export.

29. Export promotion received increasing attention and a number of further measures were adopted during the year. The export duty on tea was reduced and other incentives consisting of refund of customs duties on imported raw materials and rebate of excises on indigenous materials were extended. The process of dismantling export controls continued during the year, and controls over the export of more than 90 agricultural commodities and manufactures were abolished, and certain export items subject to quotas were placed on the free-licensing list. As a result, some 35 commodities only remain subject to export control, mainly for defence needs or to ensure industrial raw materials for export industries or to conserve supplies for domestic consumption (e.g. foodgrains and vegetable oils) or to canalise exports through State-trading channels. The few controls that remain are under constant scrutiny from the point of view of export promotion. New incentive schemes were introduced in respect of exports of a few items including coir goods and manganese ore and existing schemes for cotton textiles and art silk were widened in scope. Incentive schemes, covering among others engineering goods, were made more attractive by providing for the grant of import entitlements on a loan basis against specific export commitments. Credit facilities for exporters were strengthened by the extension of cover provided by the Export Risks Insurance Corporation to 'packing credits'. Two committees were set up by the Government, one for examining the question of quality control and pre-shipment inspection of export products and the other for examining the working of import and export controls and import priorities.

30. Accentuating the balance of payments position is the expected adverse movement in invisibles, with the growing costs of servicing the large inflow of foreign capital—official as well as private—and the higher payments for foreign services. As against this, invisible earnings are on the decline; excluding the movement of non-monetary gold, gross invisible receipts in July 1952—March 1960 were Rs. 163 crores, while they amounted to Rs. 150 crores in July 1960—March 1961. Private donations (*i.e.* private unilateral receipts) have been showing a significant fall. They declined by as much as Rs. 9 crores to Rs. 32 crores in the nine months under review from the level in the corresponding period a year ago. Except in the case of receipts from Ceylon, which were reduced due to the new restrictions on outward remittances, the worsening on this account appears to be the result of the diversion of funds to other, apparently illicit, channels.

31. It is against the above background that increasing reliance has come to be placed on external assistance for meeting our foreign exchange needs, not only of new investment for development, but also to some extent for financing the current import needs of the economy. Net official capital receipts during July 1960—March 1961 amounted to Rs. 244 crores or double the figure for the corresponding period last year, though amortisation payments were almost treble the level last year. Following a more informed and helpful appreciation in friendly countries led by the U.S.A. of India's developmental needs an encouraging picture has emerged regarding external assistance. The I.B.R.D. convened in the period under review two more meetings of the 'Aid India Club'; at the first meeting held in September 1960, Canada, West Germany, Japan, U.K. U.S.A and the World Bank attended as members of the Consortium and the Netherlands, Italy and the I.M.F. as observers, while at the second meeting held in May 1961, France and the International Development Association joined as members of the Consortium and Austria, Denmark, Norway, Sweden and the I.M.F attended as observers. These deliberations have brought a promise of Rs. 1,060 crores of assistance for the first two years of the Third Plan, out of the estimated total requirement of Rs. 2,600 crores, excluding Rs. 600 crores available under P.L. 480 agreements, for the whole of the Plan period. The commencement of operations by the International Development Association, an affiliate of the World Bank, which would make 'soft' loans, was a further welcome development during the year; it has already made its first loan to India for road development.

32. Total external assistance authorised from April 1956 upto the end of June 1961 amounted to Rs. 2,695 crores, of which the U.S. Government's P.L. 480, P.L. 665 and third-country currency assistance programmes accounted for Rs. 1,131 crores. Together with the carryover of Rs. 193 crores from the First Plan, the assistance available for use upto the end of June 1961 totalled Rs. 2,888 crores, of which Rs. 1,486 crores or just over half the amount had been utilised by the end of the Second Plan. Aid utilisation during April 1956—March 1961 consisted of Rs. 545 crores under P.L. 480, P.L. 665 and third-country currency assistance programmes of the United States, Rs. 723 crores of official loans and Rs. 198 crores of grants.

33. Private foreign investment is estimated to have been higher than in 1959. Though approvals granted in 1960 for the issue of shares in Indian companies to non-residents amounted to Rs. 19 crores as in 1959*, the actual inflow in 1960 is expected to have been larger than in the previous year when utilisation of approvals was rather slow. Every effort is being made to foster foreign investment in the private sector. A clarification was issued during the year regarding Government's general attitude towards foreign capital and it was also announced that Government would have a flexible approach to foreign collaboration schemes within the overall framework of the Plan. The double taxation avoidance agreements with Denmark, Norway, Japan and West Germany were ratified. The Indian Investment Centre for promoting foreign investments in India (referred to in the last Report) has started functioning in Delhi. Finally, some concessions to foreign investors, particularly in respect of corporate taxes, were made in the 1961-62 budget.

34. The Second Plan estimated import payments to average Rs. 868 crores per year; actually they amounted to Rs. 1,074 crores per annum during the period 1956—61. As a result, though export earnings averaging at Rs. 612 crores were higher than the Plan estimate of Rs. 593 crores and official donations and capital receipts were significantly larger than expected, the foreign exchange reserves suffered a draft of Rs. 598 crores or nearly thrice the amount planned for. In the three months April-June 1961, the reserves declined further by Rs. 22 crores to reach a low of Rs. 282 crores at the end of June 1961. With maintenance imports alone expected to average Rs. 730 crores per annum in the Third Plan period and with rising payments on invisibles taking the place of the net receipt, on this account, India's balance of payments position has now become more vulnerable than ever before. Not only is the new investment involving imported capital goods more than ever dependent on foreign assistance, but external aid has become necessary also for financing an adequate level of maintenance imports, the demand for which inescapably rises with the growing level of general economic activity in the country. This, however, is the shorter-term prospect. In the longer run, as the process of planned development enlarges the productive capacity of the country, the economy will have acquired the ability to meet current needs as well as to fulfil obligations in respect of the foreign assistance received earlier. Already, some of the newer export industries like engineering goods appear to have significant potential markets abroad and hold promise of adding to export receipts. Recent developments in the field of oil exploration in the country may also lead to some relief in external payments.

35. **Monetary and Credit Policy.**—The developments in the Indian economy, set out in the foregoing paragraphs, have *inter alia* highlighted the further worsening of the price situation in the early months of the year under review as well as the growing pressure of monetary demand resulting in a much smaller contraction of bank credit in the slack season of 1960 than in the previous two slack seasons and in an over-extended position of the banking system during the trough of the slack season. The need for a more stringent policy of credit restraint by the Bank was clearly indicated. The additional reserve requirement, introduced in March 1960 and reinforced in May, exerted considerable pressure on bank liquidity. Excluding the State Bank, whose deposits declined as a result mainly of the new arrangements in respect of P.L. 480 deposits, the free reserves (i.e. cash plus excess reserves) of the other scheduled banks declined from Rs. 64 crores on March 18, 1960 to Rs. 39.5 crores on September 18, 1960, the ratio of free reserves to deposit liability declining from 4.9 per cent to 2.9 per cent. During the same period, their investment-deposit ratio declined from 29.1 per cent to 27.7 per cent. However, the pressure

*The 1959 figure is exclusive of certain approvals which merely involved transfer of existing non-resident investment from one unit to another.

on liquidity failed to make any significant impact on the level of bank credit, which continued to remain high through the slack season mainly because of easy access to comparatively low cost borrowing from the Reserve Bank; scheduled banks' outstanding borrowings in September 1960 at Rs. 33 crores were appreciably higher than a year ago (Rs. 3 crores). The net effect of the additional reserve requirement on bank credit was thus not appreciable. The situation indicated the need for limiting the bank's access to the Reserve Bank on some basis. The courses open to the Bank for this purpose were to fix ceilings for borrowings by banks or to raise the cost of such borrowings or to adopt a combination of both methods. It was considered best in the circumstances to introduce a system of slab rates under which scheduled banks' access to the Bank was regulated under a three-tier structure of rates related to the extent of borrowing. Accordingly, a new set of general credit measures was announced on September 21, 1960. Effective October 1, 1960, each scheduled bank was assigned for purposes of its borrowing at the Bank rate, a quota for each quarter, equal to half of the average amount of statutory reserves required to be maintained by it during the previous quarter in terms of Section 42(1) of the Reserve Bank of India Act. Any borrowing over this level upto 200 per cent of the quota would bear a rate of 1 per cent above the Bank rate; borrowings in excess of 200 per cent of the quota would bear a rate of 2 per cent above the Bank rate. In view of this general restrictive measure, separate ceilings for borrowings by individual banks under the Bill Market Scheme were removed. The Bank also directed that, with effect from October 1, all scheduled banks should adhere to a minimum lending rate of 5 per cent on all advances except those to other banks and bank employees; in addition, all banks were required to raise their average lending rate at least by 1 per cent, the base period for comparison being the year ended June 30, 1960. This measure was adopted to ensure that the higher cost of borrowing from the Reserve Bank was transmitted to the ultimate borrower so as to mitigate the demand for bank credit. Simultaneously, with a view to preventing possible circumvention by banks of the directive regarding higher rates on lending by offering higher rates on short-term deposits, the Bank also fixed a ceiling of 2 per cent in respect of deposits accepted by scheduled banks from the public repayable on notice of or on the expiry of a period not exceeding 21 days.

36. The system of slab rates combines the features of direct limitation of borrowing and raising the cost of borrowing. It provided a technique whereby the objectives of credit restraint could be attained without too large an adjustment in Government security prices.

37. While this move towards raising the cost of credit was taken with a view to imposing a degree of discipline on both banks and their borrowers, it was not the intention of the Bank to restrict the availability of credit for the legitimate needs of industry and trade. In fact the Bank broadened the credit base by removing the ceilings on advances under the Bill Market Scheme. Further, with the approach of the busy season of 1960-61 and in the face of a slackening in the rate of growth of deposits, the Bank withdrew the additional reserve requirement in two stages. On November 11, the directive issued on May 5, 1960 regarding the maintenance of additional statutory reserves was relaxed. Further impounding of the increase in liabilities over the level as on November 11 was suspended; also about half of the reserves already impounded were released by a reduction in the additional reserve requirement to 25 per cent of the increase since March 11, 1960. The reserves thus released amounted to Rs. 13 crores. Subsequently, the additional reserve requirement was revoked altogether, with effect from January 13, 1961, releasing a further amount of Rs. 13 crores. Effective February 22, 1961, the peg on the 21st days' deposit rate was also withdrawn to enable banks to readjust the pattern of interest rates in the context of a slowing down of the rate of growth of deposits.

38. In the field of selective credit controls which, as mentioned earlier, were adapted to changing situations, the control on advances against paddy and rice was relaxed and controls on advances against wheat and sugar were totally withdrawn. As against this, in view of the sharp rise in the prices of raw jute and jute goods, both commodities were, for the first time, brought under the purview of selective credit controls in December 1960, although towards the close of the year the control was relaxed as a sequel to a fall in prices.

39. In view of the generally comfortable supply position of wheat and the assurance of additional wheat supplies under the P.L. 480 Agreement of May 1960, the Bank liberalised the control on wheat advances on August 20, 1960. The overall ceiling limits for individual banks from September 1960 in respect

of wheat advances were fixed at 100 per cent of the levels actually maintained in 1958 and the separate ceiling limits on advances against wheat in respect of offices and branches of banks in the States of the Punjab, Himachal Pradesh, Delhi and Jammu and Kashmir were abolished. On February 8, 1961 the minimum margins on advances against foodgrains were reduced from 40 per cent to 35 per cent and the ceilings on advances against paddy and rice were raised to 110 per cent of the permitted levels in 1960 in respect of all States excepting Andhra Pradesh. With the creation of a new food zone comprising Madhya Pradesh, Maharashtra and Gujarat, the separate ceilings in respect of advances against paddy and rice for Madhya Pradesh were abolished. Also, in order to ensure greater flexibility, the permissible levels for advances against foodgrains were fixed for two-month periods instead of on a monthly basis commencing from March 1961. On May 15, 1961, in the context of a further improvement in the supply and price situation of wheat, the control on advances against wheat was altogether withdrawn.

40. In view of the comfortable supply position of sugar and the heavy accumulation of stocks with mills, the margin required in respect of advances against sugar (applicable to traders and to millers in cases where the stocks had left the mills' premises) was reduced on December 9, 1960 from 45 per cent to 25 per cent in order to facilitate larger offtake by trade. Even so, borrowings by traders against sugar rose by only Rs. 6.3 crores between end-December 1960 and end-March 1961 as compared with Rs. 8.1 crores in the corresponding period of last year. The Bank, therefore, withdrew the margin restriction entirely on April 21, 1961.

41. As already mentioned, the ambit of the selective credit controls was extended during the year to cover raw jute and jute goods, in terms of a directive issued on December 12, 1960. This directive was intended to curb the sharp rise in bank advances against these commodities in the context of rising prices. Over the year ended November 1960, prices of raw jute and jute goods had risen by 72 per cent and 54 per cent, respectively. Advances against raw jute rose from Rs. 11 crores on October 28 to Rs. 14 crores on November 11, 1960; at this level they were 32 per cent above the level a year ago. Between August 1960 and October 1960; advances against jute textiles had risen from Rs. 20 crores to Rs. 24 crores and remained more or less at this level, which was 66 per cent higher than the level a year ago. The control on raw jute was confined to the imposition of a minimum margin of 25 per cent in respect of advances to jute mills and 40 per cent to others. As advances against jute goods had risen more sharply (reflecting a rise in stocks), they were subjected to a minimum margin of 40 per cent as well as to a ceiling limit for each two-month period commencing from January 1961 not exceeding 130 per cent of a bank's average advances in the corresponding two-month period of 1960. Following this directive, the rise in advances against jute textiles was halted; outstanding advances, which had stood at Rs. 22.7 crores in December 1960, declined to Rs. 19.9 crores in June 1961, which was only Rs. 71 lakhs higher than those a year ago. On February 24, 1961, with a view to facilitating the financing of exports, the minimum margin in respect of advances against jute goods to established shippers was reduced from 40 per cent to 25 per cent, subject to certain safeguards ensuring the genuineness of the requirements. Subsequently, however, in view of the declining trend of jute goods prices following a slackening in foreign demand, the Bank withdrew on June 23, 1961 the margin requirement of 40 per cent in respect of advances against jute goods, but retained the margin restrictions on advances against raw jute and the ceiling on advances against jute goods.

42. The control on advances against oilseeds was continued, except for a minor modification whereby, effective from February 8, 1961, the permissible levels were re-fixed on a two-monthly basis instead of on a monthly basis.

43. Mention may also be made here of the modifications made in the Bill Market Scheme as applicable to export bills, with a view to liberalising credit facilities to exporters. The minimum amount of an individual usance promissory note to be lodged with the Reserve Bank as security for advances under the Scheme, which had been originally fixed at Rs. 20,000 and subsequently reduced to Rs. 10,000 in October 1959, was further reduced to Rs. 5,000 in January 1961. The stipulation requiring banks to ensure that the parties concerned either cover the exchange risk or maintain the specified margin in the relative loan accounts has been withdrawn and the matter is now left to the discretion of the banks concerned. Further, bills arising out of the applicant bank's advances against export bills granted at any of its offices have been made eligible for being offered

as security for borrowings under the Scheme, provided such borrowings are availed of by the bank concerned at places where the Reserve Bank has an office of the Banking Department. Also, the condition that export bills held by banks as security in the relevant loan accounts intended for conversion into time bills should have a usance of not more than ninety days has been waived, though the usance promissory notes lodged with the Reserve Bank must mature within ninety days. The Scheme as applied to export bills, first introduced in October 1958, and continued upto the end of September 1960, now stands extended by another year upto the end of September 1961.

44. The impact of the various credit control measures introduced during the year has been on the whole salutary. Following the initiation of the system of slab rates in October, all scheduled banks raised their lending rates in accordance with the directive and quite a few of them raised their average lending rates by more than 1 per cent. The State Bank of India also raised its lending rates to other banks; this had the effect of preventing circumvention of the directive tightening the terms of accommodation of the Reserve Bank. Further, the move towards dearer money affected interest rates not only in the organised sector but also in the unorganised sector; in Bombay, the Multani shroffs raised their rates from 9-11.25 per cent on October 7 to 12 per cent on October 14. The higher rates did not, however, have any adverse effect on the availability of credit for trade and industry during the busy season of 1960-61, as evidenced by the fact that that seasonal expansion of bank credit in 1960-61 at Rs. 199 crores was even higher than Rs. 189 crores in 1959-60. Scheduled banks' borrowings from the Reserve Bank of India rose sharply during the greater part of the 1960-61 busy season, the outstanding amount touching Rs. 95 crores at the end of March 1961. As of this date, 41 banks had borrowed from the Bank; of these 28 banks had borrowed at 6 per cent and 6 banks at 5 per cent and the rest at 4 per cent only. The average rate of borrowing for all banks was 5.46 per cent. However, after March 1961, following a reduction in the demand for credit, banks promptly repaid a substantial part of their borrowings, the outstanding level at the end of June 1961 being only Rs. 15 crores which was lower by Rs. 25 crores than that a year ago.

45. The selective credit controls worked with a larger measure of success during the year than in the earlier years, since they were operated in conjunction with general quantitative controls. The compliance by banks with the selective credit control directives continued to be generally satisfactory. Advances against paddy and rice and wheat remained well within the permitted levels; the peak of the adjusted level of advances against paddy and rice at Rs. 12.3 crores in March 1961 was 35 per cent below the permitted levels. In the case of 'other foodgrains', the advances had risen above the permitted levels in the last quarter of 1960, but the excess was temporary and relatively small. The advances against groundnuts were also below the permitted levels except in the period November-January. Advances against shares rose by only Rs. 61 lakhs over the year as against a rise of Rs. 11 crores in the previous year, despite the buoyancy in the share markets and the high level of new issue activity during the year. As regards clean advances, their ratio to total advances was 11.7 per cent (adjusted for exemptions) in June 1961, as compared to a permitted ratio of 15.2 per cent. The introduction of the control on advances against raw jute and jute goods on December 12, 1960 had a salutary effect on the level of credit against these items. Banks' advances against raw jute declined by Rs. 8.2 crores to Rs. 10.2 crores between December 16, 1960 and June 30, 1961 as compared with a decline of Rs. 83 lakhs to Rs. 11.8 crores in the corresponding period of 1959-60. During the same period, advances against jute textiles declined by Rs. 3.7 crores to Rs. 19.9 crores against a rise of Rs. 4.8 crores in the previous year; over the year ending June 30, 1961 these advances were higher by only 3.7 per cent.

46. In a developing economy, the flow of credit has to be regulated by the monetary authorities with due regard to the productive credit needs of expanding industry and trade. In this context, the higher cost of credit would have a healthy effect by reducing less urgent demands, by checking undue reliance on bank credit, and by promoting the economical use of resources. There has been a tendency, of late, on the part of industries to rely more heavily on bank finance for purposes which are normally to be met by self-finance or resort to the capital market; and one factor aiding this process has been the relatively low cost of bank credit. However, in a situation where banks rely increasingly on the central bank to finance their rising volume of business, the higher cost of bank credit could prove useful in countering inflationary pressure. Higher interest rates would also serve to reduce speculative profits, which depend upon the margin

between the rate of increase in prices and cost of credit, and thus act as a check on the use of bank credit for speculative purposes. The higher pattern of interest rates to which the economy is adapting itself should be of assistance in general in promoting savings and restraining less desirable forms of investment.

47. Retrospect and Prospect the achievement of the Second Five Year Plan which has just ended remains impressive, despite the foreign exchange crisis early in its course, the vicissitudes of nature's bounty and a steady rise in prices throughout the period. It is true that not all targets have been fulfilled, but commendable advance on a wide front has been attained in production and standards of living and welfare services and in preparing the groundwork for further advance in the Third Plan. In spite of the vagaries of the monsoon and the inadequacies of organisation, agricultural production went up by 16 per cent over the Plan period and the output of foodgrains by 20 per cent, though the output of 1960-61 is expected to fall short of the target of 80 million tons by 2 million tons. Industrial production made an impressive advance of 40 per cent. National income at constant prices is estimated to have risen by 19.6 per cent, as against a rise of 18.4 per cent over the First Plan period. Plan outlay at Rs. 4,600 crores was Rs. 100 crores higher than the revised target, though Rs. 200 crores below the original target; allowing for the rise in prices, investment in real terms shows a greater short-fall in relation to the target. On the other side of the medal, exports were stagnant, net invisible income was rapidly on the decline, and balance of payments deficit widened considerably resulting in a fall of Rs. 600 crores in foreign exchange reserves, which was thrice the figure originally estimated notwithstanding the fact that foreign aid was far in excess of the original provision. The pressure of aggregate demand in the economy was intensified and largely contributed to the rise of about 30 per cent in the price level over the five-year period. On balance, there has been over the Plan period a definite advance in terms of aggregates but the net improvement as measured by increase in per capita national income has been modest owing to the growth of population.

48. The assistance of friendly countries abroad and of the International Bank for Reconstruction and Development, which has been a rallying point for countries willing to assist, enabled the Second Plan to be completed, albeit, after some pruning about half way. For the Third Plan, which has just begun, substantial foreign assistance to the tune of roughly \$2 billion has been promised for the first two years of the Plan. This enables us to concentrate more on the internal problems connected with the Plan, of mobilising resources, of strengthening the organisational set up, and of stimulating exports.

49. The Third Plan envisages over the five years an aggregate investment of Rs. 10,400 crores, an increase in the ratio of investment to national income from 11 per cent in the Second Plan to 14.15 per cent in the Third Plan, an increase in the ratio of savings to national income from about 8.5 per cent to nearly 11.5 per cent, a substantial rise in agricultural and industrial production and an increase in national income of about 30 per cent. With additional taxation of Rs. 1,710 crores and the combined total of market borrowings and small savings at Rs. 1,400 crores, the deficit financing required has been reduced to the level of Rs. 550 crores, which is expected to be non-inflationary, if the output targets are realised.

50. The Third Plan demands for its success a high degree of discipline in the fiscal and monetary fields with a view to achieving a substantial increase in the rate of domestic savings. The problems of mobilising resources as of achieving an adequate advance through effective implementation of the programmes of development are largely organisational. They call for a considerable toning up of administrative and managerial standards, particularly with the growing share of public enterprises.

51. Notwithstanding the magnitude of the foreign aid promised, it would be necessary to organise a massive step-up in efforts to promote exports to pay for at least the maintenance needs of the economy. Appropriate incentives may be required for the purpose but they will be of little avail unless the cost-price structure is kept under control, as the price of exports is the key to their competitiveness in a phase of increasingly intense competition in the world markets.

52. In the task of maintaining stability and discipline during development the role of monetary policy with which the Bank is intimately concerned will be important. With continuing investment and rising output, the demand for bank credit in the Third Plan would rise continuously; so, too, would the pressure on prices. The Reserve Bank's monetary policy would, therefore, have to continue

to be a two-pronged one, *viz.*, of ensuring an adequate flow of credit to meet the genuine requirements of agriculture, industry and trade and checking speculative excesses with their inflationary overtones. In other words, the two-directional objective of monetary policy is to maintain the momentum of development and at the same time to avoid the pace of development from outstripping the capacity of the economy to sustain it. In this context, there is need further to strengthen the institutional machinery of agricultural credit and finance for industrial rehabilitation, expansion and development, which the Bank has promoted, as well as to consolidate and strengthen the banking system through geographical and functional expansion of its scope, for undertaking the larger tasks that lie ahead.

BANKING LEGISLATION

53. The liquidation of the Palai Central Bank focussed attention on the weak spots of the banking system. Accordingly, the banking law was amended during the year under review (1) further to expedite liquidation proceedings of banks, (2) to assure small depositors of the safety of their funds by making them preferential creditors, (3) to provide for the declaration of a moratorium to facilitate the process of compulsory reconstruction or amalgamation of banks and (4) to provide for compulsory amalgamation of banks with other banks including the State Bank of India or its subsidiaries. The banking law was also amended to allow banks to maintain secrecy regarding their inner reserves in matters relating to industrial disputes.

54. **The Banking Companies (Amendment) Act, 1960.**—The Banking Companies (Amendment) Act, 1960, which came into force on August 26, 1960, is intended to protect Banking companies from being compelled, by the authorities constituted under the Industrial Disputes Act, to disclose information and documents of a confidential nature relating to secret reserves, provisions for bad and doubtful debts, etc. Instead, the above-mentioned authorities have been empowered, under the amendment Act, to refer the question to the Reserve Bank, and the Reserve Bank has been authorised to furnish to the authorities, after taking into account principles of sound banking and all relevant circumstances, a certificate stating the amount of such reserves which the authorities may take into account for purposes of the proceedings under the Industrial Disputes Act.

55. **The Banking Companies (Second Amendment) Act, 1960.**—The main object of the Banking Companies (Second Amendment) Act, 1960, which came into force on September 19, 1960, is to facilitate expeditious payments to the depositors of banks in liquidation, and also to vest the Central Government and the Bank with additional powers to rehabilitate banks in difficulties. The amending Act requires that preferential payments to secured creditors and others entitled to preferential treatment, which were mainly responsible for the delay in the payment to depositors of banks in liquidation, should be made or provided for within three months from the date of the winding-up order, or in the case of banks which went into liquidation prior to the commencement of the amending Act, within three months from the date of commencement of the Act. According to the amendment Act, after the preferential payments have been made or adequately provided for within the three-month period specified above, every savings bank depositor should be paid the balance to his credit, subject to a maximum of Rs. 250 and thereafter every other depositor should be paid Rs. 250 or the balance to his credit, whichever is less, in priority over all other debts. The amount upto which a savings bank depositor enjoyed a preferential claim prior to this amendment was Rs. 100, while no preferential treatment was accorded to other depositors. The amendment Act further provides for the appointment of an individual as official liquidator, if the Reserve Bank so desires in its application to the High Court, with a view to expediting the realisation of assets and their distribution; prior to the amendment, the official liquidator could be only the Reserve Bank, the State Bank of India or any other bank notified by the Central Government in this behalf. The amendment Act also provides for the grant by the Central Government, on an application from the Reserve Bank, of a moratorium in respect of a banking company upto a period of six months. In the moratorium period, the Reserve Bank may prepare a scheme for the reconstruction of a bank or its amalgamation with another bank and submit it to the Central Government who may sanction the scheme with modifications, if necessary. The scheme as sanctioned, which would come into force on the date specified by the Central Government, would be binding on the banking company or companies concerned and also on all the members and creditors.

56. The Banking Companies (Amendment) Ordinance, 1961.—The Banking Companies (Amendment) Ordinance, 1961 was promulgated by the President of India on February 4, 1961, mainly to clarify and supplement the provisions of the Banking Companies Act relating to compulsory reconstruction or amalgamation of banks. The Ordinance enabled the compulsory amalgamation of a banking company with the State Bank of India or its subsidiaries; prior to the amendment, such amalgamation was possible only with another banking company. The amending Ordinance also enabled amalgamation of more than two banking companies by a single scheme of amalgamation. It also laid down detailed provisions relating to conditions of service of employees of banks subject to reconstruction or amalgamation. The Ordinance was replaced by the Banking Companies (Amendment) Act, 1961, which was passed by the Parliament and received the President's assent on March 24, 1961.

57. Size of Capital Funds.—Mention may be made here of two proposals formulated by the Reserve Bank, one for strengthening the capital funds of banks and the other for increasing the cash reserves and liquidity requirements of banks. Briefly, the first proposal seeks to establish the relationship to deposits as the criterion of minimum adequacy of a bank's capital funds, and also to increase the minimum capital required for setting up a banking company. Under the stimulus of the First and Second Plans, Indian banks have experienced vigorous expansion, both of deposits and of bank credit. The pattern of distribution of bank credit has also undergone a change for there has been a growing participation of banks in industrial finance; banks are now venturing into new lines of activity such as term-lending to industry and underwriting of shares involving a greater risk element. At the same time, despite a substantial increase in the profits of banks in the past decade, the growth of capital and reserves has been slow, especially in relation to the growth of deposits. This is a phenomenon which has been observed in most countries, but in India strengthening of the capital base has received less attention than in many other countries in comparable situation. The present provisions in the Banking Companies Act with regard to minimum paid-up capital and reserves, which were introduced in 1949 with the object of raising the standard of performance of a large number of sub-marginal banking units, are unsatisfactory, in as much as the reserves of banks are linked to paid-up capital and bear no relation to the growth of liabilities and assets of banks. Although a bank's soundness is by no means to be measured solely by the proportion which its capital funds form to its deposit liabilities, this proportion is an important factor in assessing a bank's strength and a minimum proportion should be incorporated in the banking statute as a relevant determinant (a) of distribution of banking profits and (b) of policy regarding enlargement of capital, consistently with capacity to ensure a reasonable return on capital in the future.

58. Cash Reserves and Liquidity Ratio.—The other proposal seeks (i) to relate the cash reserve requirements as well as the liquidity ratio of banks to total deposits,* instead of to total liabilities, (ii) to abolish the distinction between demand and time liabilities observed at present in calculating reserve requirements, (iii) to raise somewhat the reserve and liquidity requirements and (iv) to ensure a raising of the liquidity requirements *pari passu* with every increase in the reserve requirements. These changes are directed to safeguarding the soundness of the banking system through measures to raise the minimum requirements both in regard to cash reserves and liquid assets, in view of the progressive decline in the cash and liquidity ratios of banks in recent years and the anticipated pressure on these ratios during the Third Plan. The Bank's proposals have been sent to the Indian Banks' Association and the Exchange Bank's Association for comments.

BANKING DEVELOPMENT

59. The Reserve Bank.—The Reserve Bank continued to play a prominent role in the development of the institutional machinery of industrial finance and agricultural credit as well as in the development of commercial banking. In this promotional and developmental role it continued to be closely associated with institutions like the State Bank and Financial Corporations, besides the whole of the co-operative credit structure. The year under review witnessed further progress in all these spheres.

60. State Bank of India.—The State Bank of India, in pursuance of its programme of branch expansion as approved by the Reserve Bank and the Central Government, opened 22 new branches during 1960-61 including 2 branches established outside this programme. The total number of branches established by the State Bank since its constitution on July, 1955 came to 438. Of these,

*Exclusive of inter-bank transactions and 'other' liabilities.

as many as 359 branches are in rural and semi-urban areas, i.e. in places with a population of 30,000 or less. Following the commencement of the operation of the State Bank of India (Subsidiary Banks) Act, 1959 on September 10, 1959, with a view to extending banking facilities in the rural and semi-urban areas of the territories of the erstwhile Part 'B' States, which are not covered by the branch expansion programme of the State Bank, the subsidiary banks of the State Bank of India in consultation with the Reserve Bank and the State Bank, embarked on a branch expansion programme in the areas of their operation. Under this programme, these banks have so far established 92 new branches. It has been agreed that losses incurred by branches opened by the subsidiary banks under the programme will be met on an agreed basis from the Integration and Development Fund, which was instituted in 1955, in accordance with the provisions of the State Bank of India Act, 1955 to meet the losses of branches opened under the expansion programme of the State Bank. In July 1960, the State Bank appointed a Sub-Committee to appraise the effects of branch expansion that has already taken place and to make suggestions in regard to further expansion by the Bank and its subsidiaries in the next five years. The Sub-Committee has since submitted its Report and has, *inter alia*, recommended the opening of 300 additional branches in the rural and semi-urban areas during the quinquennium ending June 1965 by the State Bank and its subsidiaries. This recommendation has been accepted by the State Bank. Other recommendations of the Sub-Committee, which are mainly of an administrative nature, are being examined by the State Bank.

61. Subsidiaries of the State Bank of India.—In last year's Report, mention was made of the constitution of eight major State-associated banks as subsidiaries of the State Bank in pursuance of the provisions of the State Bank of India (Subsidiary Banks) Act, 1959. The State Bank of India, in consultation with the Reserve Bank, completed during the year the determination of the amounts of compensation payable to the shareholders of the eight banks constituted as its subsidiaries, in accordance with the principles laid down in the First Schedule to the Act. In no case was it found necessary to have recourse to a Tribunal for determining the compensation.

62. Reference was made in the last Report to the action initiated by the State Bank to achieve an integrated banking and treasury system covering the whole of India by entrusting the cash work of Government treasuries and other agency functions to the subsidiary banks as agents of the State Bank of India at centres in the respective areas of operation where they have or propose to have branches. During the year, the State Bank of India, with the approval of the Reserve Bank, entered into agency agreements with each of the eight subsidiary banks. These agreements, which have been principally modelled on the lines of the agreement of March 16, 1960 between the Reserve Bank and the State Bank, came into force on October 1, 1960. Under these agreements, the branches of the subsidiary banks will conduct Government business at centres where there are treasuries and sub-treasuries in the areas of their operation and will provide exchange and remittance facilities to the public on behalf of the Reserve Bank and as agents of the State Bank of India. Currency chests are being gradually established at the branches of these banks to enable the banks to perform the agency functions. The remuneration paid by the State Bank of India to the subsidiary banks, at rates fixed under the agreements, will be reimbursed to it by the Reserve Bank.

63. Clearing Houses.—Mention may also be made here of the progress made by the Reserve Bank in widening the clearing house facilities as part of its larger programme of extension of banking facilities. At the end of 1960, clearing houses were functioning at 57 centres. In pursuance of a suggestion made by the Bank to establish clearing houses at 21 additional centres having a population of 1 lakh and over, the State Bank of India and its subsidiaries established clearing houses at 5 centres, thus bringing the total number of clearing houses functioning at the end of June 1961 to 62, of which 7 were managed by the Reserve Bank, 49 by the State Bank of India, 4 by the subsidiaries of the State Bank and the remaining two by other banks.

64. Industrial Finance Corporation of India.—With a view to enlarging and diversifying the assistance provided by the Industrial Finance Corporation, the Industrial Finance Corporation Act, 1948 was amended in December 1960. The amendment Act, among other things, extended the powers given to the Corporation regarding the guaranteeing of loans to (i) loans raised by industrial concerns from scheduled banks or State co-operative banks, (ii) deferred payments due from any industrial concerns in connection with the purchase of capital goods within India, (iii) with the prior approval of the Central Government, loans raised in foreign currency by industrial concerns from institutions outside India. It also empowered the Corporation to subscribe directly to the stocks or shares of

any industrial concern which it was so far prohibited from doing, and also to convert, at its option, the loans granted or debentures subscribed to by it into stocks or shares of the concern.

65. **Loans and advances** sanctioned by the Industrial Finance Corporation of India during 1960-61 touched a new record of Rs. 21.21 crores, as compared to Rs. 17.92 crores sanctioned in 1959-60. The Corporation sanctioned during the year loans in foreign currencies (equivalent to Rs. 4.30 crores) for the first time since its inception in July 1948. At the end of June 1961, the outstanding amount of loans and advances was Rs. 42.35 crores. The Corporation approved 9 applications for Rs. 13.29 crores for guaranteeing deferred payments in respect of imported and indigenous capital goods and also agreed to underwrite 12 issues of ordinary and preference shares for a total of Rs. 2.32 crores. The Corporation's outstanding borrowings from the Central Government in terms of Section 21(4) of the Industrial Finance Corporation Act amounted to Rs. 15.25 crores at the end of June 1961 as against Rs. 13.25 crores at the end of June 1960. Since its inception in July 1948 upto the end of June 1961, the Corporation had sanctioned loans for a total of Rs. 105.82 crores, of which Rs. 57.35 crores were disbursed.

66. **State Financial Corporations.**—Loans and advances of the State Financial Corporations rose by Rs. 3.59 crores during 1960-61, as compared to Rs. 2.52 crores in 1959-60, the total amount of loans and advances outstanding at the end of June 1961 being Rs. 18.05 crores. Three State Financial Corporations, namely, Assam, Andhra Pradesh and Punjab raised additional resources through the issue of bonds for a sum of Rs. 1.50 crores. During the year, the State Financial Corporations of Rajasthan, Kerala, Assam and Gujarat were appointed as agents of their respective State Governments for routing the concessional finance provided by Government to small-scale industries under the State Aid to Industries Act. Such agency arrangements are now in operation in eight out of the fifteen States. In terms of Section 37A of the State Financial Corporations Act, 1951, the Reserve Bank of India inspected during the year, for the second time, two Corporations viz., Assam and Bihar. The Bank also inspected, for the first time, the Mysore Corporation, which was established at the end of March 1959. It may be noted that the Bank has, upto March 1961, inspected seven Corporations for the second time. Since their inception upto the end of March 1961, the State Financial Corporations sanctioned loans and advances for an aggregate amount of Rs. 36.2 crores, of which Rs. 22.2 crores or over three-fifths were disbursed.

67. **State Bank's Credit Facilities to Small-scale Industries.**—The State Bank of India's scheme for the co-ordinated provision of credit facilities to small-scale industries, which was initiated in April 1956 and extended to all its branches with effect from January 1, 1959, made further progress during 1960-61. The number of units assisted and the amount of credit limits sanctioned at all centres of the Bank increased from 1963 and Rs. 5.83 crores, respectively, at the end of June 1960 to 2,644 and Rs. 9.19 crores at the end of June 1961. The advances outstanding stood substantially higher at Rs. 4.45 crores as on June 30, 1961, as against Rs. 2.45 crores as on June 30, 1960 and Rs. 1.26 crores as on June 30, 1959. As in the preceding years, the bulk of the amounts sanctioned and outstanding was in respect of the 35 centres which have been selected for more intensive operations under the scheme. During the year, the State Bank also started the financing of industrial co-operatives and as on March 31, 1961 it had sanctioned credit limits amounting to Rs. 1.60 lakhs to eight industrial co-operatives. In addition to the credit facilities provided by the State Bank, its eight subsidiary banks also commenced granting credit facilities to small-scale industries in their respective areas of operation, and sanctioned credit limits aggregating Rs. 3.70 crores in respect of 484 units, the advances outstanding at the end of March 1961 being Rs. 1.89 crores.

68. **Guarantee for Loans to Small-scale Industries.**—In the last Report, mention was made of the Government of India Scheme for the guarantee of loans granted to small-scale industries for purposes of working capital or acquisition of fixed assets and equipment, with a view to providing some measure of protection to the lending institutions against possible losses on such advances. The Guarantee Scheme provides for the sharing of losses between the lending institutions and the Government of India, subject to the condition that the maximum amount recoverable against the guarantee in respect of any one advance will not exceed Rs. 1 lakh. The Reserve Bank has been entrusted with the administration of the Scheme and has been designated as the "Guarantee Organisation". The Scheme, which was brought into force on July 1, 1960, initially covered 22 districts but its area of operation was extended during the year to 30 additional districts, bringing the total number of districts covered to 52; these include all the 35 centres which have been selected for intensive operations under the State Bank's scheme for the provision of credit facilities to small-scale industries.

69. The Guarantee Organisation began receiving applications for guarantee towards the end of September 1960. Upto the end of June 1961, it had received 1,035 applications from 13 specified credit institutions for sums aggregating Rs. 3.45 crores, of which guarantees were issued in respect of 894 applications for Rs. 2.81 crores. Certain modifications were also introduced in the Scheme during the year, with a view to facilitating its working. Thus, in order to enable credit institutions, especially the State Financial Corporations, which usually grant loans for periods in excess of 7 years to take full advantage of the Scheme, advances for periods exceeding 7 years have also been made eligible for guarantee; however, the duration of the guarantee would not extend beyond 7 years from the date of the first disbursal of the advance. Further, in view of the difficulties experienced in submitting affidavits, certificates from credit institutions have been made acceptable for determining whether the concern is a small-scale industrial unit for purposes of the Scheme. The Scheme has also been extended since August 1961 to cover "risk participation arrangement". Under the original Scheme, advances granted by banks and financial institutions, other than those specified under the Scheme, were eligible for guarantee facilities only if a specified credit institution participated in such advances to the extent of not less than 25 per cent. With a view to liberalising the working of the "participation arrangement", particularly in the case of co-operative institutions, it has now been decided, as an alternative, to provide for risk participation under which the specified credit institution need not participate in advances but should undertake to share the resultant losses, if any.

70. In view of the present paucity of data on small-scale industries, the question of collecting statistics relating to the financial and other aspects of the working of small-scale industries has been engaging the attention of the Bank for sometime now. A survey of the economic and technical aspects of small-scale engineering industries in the city of Howrah was recently undertaken by the Bank, in association with the Jadavpur University, Calcutta. The field investigation in connection with this Survey has already been completed and the data collected are being processed and analysed. The Bank is examining the scope for similar regional economic surveys of small-scale industries in consultation with the Union Government. Steps are also being taken to compile data relating to the financial structure and working results of the small and medium-sized industrial units financed by the State Financial Corporations.

71. **Refinance Corporation for Industry.**—With a view to enlarging the scope of its activities and imparting flexibility to its operations, the Refinance Corporation for Industry* introduced during the year some important operational changes in its scheme of refinance, broadly in line with the proposals formulated by it last year (referred to in the 1959-60 Report). Thus, the refinancing facilities, which hitherto were confined to 15 member banks have now been extended to 43 additional banks, 15 State Financial Corporations† and 3 State co-operative banks, without requiring them to become shareholders of the Corporation. The requirement that the financing institutions should maintain a minimum spread of $1\frac{1}{2}$ per cent between the rate at which they borrow from the Corporation (namely, 5 per cent) and the rate at which they lend, has been removed, thereby giving the financing institutions freedom to charge interest rates which they consider appropriate, subject to review by the Corporation. The list of industries eligible for refinance loans has also been widened to include industries other than those listed for development in the private sector in the Second and subsequent Five-Year plans. Further, the Corporation has decided to consider, in exceptional cases, loans for a longer period upto 10 years (as against 3-7 years hitherto) and also loans to industrial units with capital and reserves above Rs. $2\frac{1}{2}$ crores. Lastly, the Corporation has decided to refinance loans made to small-scale industries, provided such loans are eligible under the refinance scheme and are guaranteed under the Government of India Scheme for the guarantee of advances to small-scale industries.

72. The Refinance Corporation, aided by the changes just mentioned, made substantial progress in its loan operations during 1960-61. It sanctioned during the year 41 applications for Rs. 6.90 crores, as against 8 applications for Rs. 1.22 crores sanctioned in the previous year. The total amount disbursed was also higher at Rs. 2.1 crores as compared to Rs. 0.86 crore in 1959-60. Among the industries which benefited from the assistance were mechanical engineering, cotton textiles, photographic paper, electrical engineering, sugar manufacturing,

*Effective from March 28, 1961 the Corporation became a public limited company in terms of the new Section 43A introduced by the Companies (Amendment) Act, 1960.

†Including the Madras Industrial Investment Corporation Ltd., which functions on the lines of a State Financial Corporation.

industrial gases, plantation and starch and miscellaneous chemicals. Since its inception in June 1958 to end-June 1961, the Corporation received 79 applications for Rs. 14.32 crores, the amount sanctioned being Rs. 11.16 crores*, of which Rs. 3.54 crores were availed of.

73. The Industrial Credit and Investment Corporation of India.—During 1960, there was a further marked expansion in the activities of the Industrial Credit and Investment Corporation of India. The Corporation approved during 1960 applications for total assistance of Rs. 13.43 crores as compared to Rs. 8.41 crores during 1959. The total financial assistance sanctioned by the Corporation since its inception in 1955 upto the end of 1960 amounted to Rs. 31.41 crores, of which Rs. 12.46 crores were disbursed. Of the Rs. 31.41 crores sanctioned, Rs. 19.18 crores or 61 per cent were in the form of loans and guarantees, Rs. 9.67 crores were by way of under-writing of ordinary and preference shares and debentures and the balance of Rs. 2.56 crores in the form of direct subscription to ordinary and preference shares. Of the Rs. 19.18 crores sanctioned by way of loans and guarantees, the share of foreign currency loans was Rs. 12.63 crores or 66 per cent. The Corporation further augmented its foreign exchange resources by procuring from the World Bank a *third* line of credit of U.S. \$20 million (Rs. 9.52 crores), the first two of U.S. \$10 million each having been obtained in 1955 and 1959. A loan of U.S. \$5 million (Rs. 2.38 crores) has also been sanctioned to the Corporation by the U.S. Development Loan Fund.

74. Co-operative Development Policy.—Over the past few years, sustained efforts have been made to raise agricultural production as well as productivity through a variety of measures including land improvement, extension of irrigation facilities, distribution of seeds, fertilisers and pesticides, new methods of cultivation, and greater availability of co-operative credit at concessional rates for various agricultural purposes. An important development this year was the launching of a new integrated scheme, known as the "Intensive Agricultural District Programme", designed to achieve an immediate increase in food production in agriculturally favourable areas by demonstrating the most effective ways of increasing production through intensive use of human and material resources. Under this Programme, which is to be spread over a period of five years beginning from 1960-61, an intensive effort would be made to approach farmers through co-operatives and *panchayats*, in order to promote the adoption of a minimum combination of improved practices by making available credit, seeds, manures etc. About 20 per cent of the cultivators in the districts covered by the Scheme are expected to participate in the programme in the first year, and the proportion is expected to rise to 65 per cent in the fifth year. In 1960-61, the Programme was initiated in one district each in seven States, namely, Andhra Pradesh, Bihar, Uttar Pradesh, Punjab, Rajasthan, Madhya Pradesh and Madras and it is proposed to cover one district each in the remaining States during the course of the Third Plan.

75. In order to review the progress of the "Intensive Agricultural District Programme" and take decisions on policy matters, an inter-Ministry Committee, consisting of the Secretaries or senior representatives of the Departments concerned and representatives of the Planning Commission and the Reserve Bank of India has been set up. The Reserve Bank is also represented on all the Co-ordination Committees, which have been set up at the State and district levels. A team of officers of the Agricultural Credit Department of the Bank visited all the seven districts where the Programme has been introduced to assess the position of co-operative credit and marketing, to review the progress achieved, and to make appropriate suggestions for strengthening the structure and for developing a general pattern of lending and recovery of loans under the Programme. The Bank has also sanctioned special credit limits under the Scheme to central co-operative banks in four of the seven districts.

76. In August 1960, the Government of India set up a Working Group to consider the proposals of the States and Union Territories regarding co-operative development under the Third Five Year Plan and the annual plans for 1961-62. As in previous years, the main features of the schemes for co-operative development for 1961-62 drawn up by the State Governments related to State participation in certain categories of co-operative institutions, revitalisation and reorganisation of small-sized credit societies, organisation of marketing and processing societies, construction of godowns and provision for the appointment of staff for co-operative departments and co-operative institutions.

*Of this, applications for Rs. 53 lakhs were withdrawn by the applicant financial institutions.

77. The broad policies in regard to the introduction of co-operative farming in the country were formulated by the Government of India following the Report of the Working Group on Co-operative Farming appointed by the Government in June 1959. A National Co-operative Farming Advisory Board, on which the Reserve Bank is also represented, has been set up by the Government of India, for planning and promoting the programme of co-operative farming in the country.

78. Mention was made in last year's Report of the appointment by the Government of India in September 1959 of the Committee on Co-operative Credit, which submitted its Report in May 1960. The main recommendations of the Committee, it may be recalled, included the promotion of 'viable' units of co-operative service and business, indirect State participation in the share capital of societies, revision of the standards of credit limits at different levels and liberalisation of the existing standards adopted by the Reserve Bank for sanctioning short-term and medium-term credit limits to co-operative banks. In October 1960, the Government of India conveyed to the State Governments their general acceptance of the recommendations of the Committee. The Reserve Bank conveyed to the Central Government its acceptance, in principle, of the recommendations of the Committee in so far as they related to the Bank. Steps are being taken to work out the appropriate procedures for implementing the relevant recommendations. Meanwhile, in accordance with one of the recommendations of the Committee, the Reserve Bank has decided to relax the condition regarding the mortgage security in respect of medium-term loans of less than Rs. 500 (referred to below).

79. A Conference of the representatives of some central co-operative land mortgage banks and Registrars of co-operative societies was convened by the Reserve Bank of India at Bombay on September 9 and 10, 1960. Apart from problems and operational policies of the central land mortgage banks, such as the need for collecting mortgages before issuing debentures, correlation between the period of debentures and the period of loans, methods of constituting sinking funds and problems of interim finance, the Conference also considered the possibilities of land mortgage banks financing certain special schemes. This was followed by another meeting at Bangalore in October 1960, which was attended by representatives of the central land mortgage banks and the State Governments of Kerala, Andhra Pradesh and Mysore. At this meeting two schemes of productive lending through central land mortgage banks, *viz.* a scheme for financing small rubber plantations in Kerala and a scheme for financing cultivators in the Musi Project Area in Andhra Pradesh were finalised. The Reserve Bank agreed, as a purely experimental measure, to provide financial assistance in connection with these schemes, in the form of contributions out of the National Agricultural Credit (Long-term Operations) Fund; the contributions would be to the extent of 75 per cent to the special development debentures to be floated by the central land mortgage banks.

80. The National Co-operative Development and Warehousing Board, set up in 1956 in terms of the Agricultural Produce (Development and Warehousing) Corporation Act, continued to provide loans and subsidies to State Governments under the co-operative development plans for such purposes as contribution to the share capital of marketing and processing societies, construction of godowns, employment of additional staff etc. The Central Warehousing Corporation established warehouses at 13 centres during the year, bringing the total number of warehouses established by it so far to 40. The State Warehousing Corporations opened 110 warehouses during the year, the aggregate number of warehouses established by them upto the end of June 1961 being 267.

81. The Fifth All-India Conference of Warehousemen was convened by the Central Warehousing Corporation in November 1960 at Indore. This Conference discussed general problems pertaining to warehousing and other ancillary matters, including co-ordination between warehousing corporations and co-operative societies and banks, and measures for attracting producers to the warehouses. One of the decisions of the Conference was to set up Advisory Committees to suggest, among other things, measures for increasing the use of warehouses, especially by producers and to remove difficulties experienced by depositors in obtaining bank credit against pledge of warehouse receipts.

82. It will be recalled that the Reserve Bank instituted in 1956 two National Agricultural funds, namely, the National Agricultural Credit (Long-term Operations) Fund and the National Agricultural Credit (Stabilisation) Fund, the first for making loans to State Governments for subscribing to the share capital of

co-operative credit institutions, medium-term loans to State co-operative banks for agricultural purposes, and contributions to debentures of and long-term loans to central land mortgage banks, and the second for making medium-term loans to State co-operative banks to enable them to convert under specified circumstances their short-term credit into medium-term credit. In 1960-61, the Reserve Bank sanctioned loans amounting to Rs. 3.75 crores from the Bank's National Agricultural Credit (Long-term Operations) Fund to 12 State Governments to enable them to contribute to the share capital of co-operative credit institutions. Of the total amount sanctioned, Rs. 2.75 crores were availed of by ten State Governments. Gross disbursements out of the above Fund since its inception on February 3, 1956 to June 30, 1961 (including loans to State co-operative banks and central land mortgage banks and the sum utilised for the purchase of rural debentures) totalled Rs. 40 crores; the total amount outstanding in respect of these loans as on June 30, 1961 was Rs. 30 crores. The total amount transferred by the Bank to the credit of this Fund during the same period was Rs. 50 crores. As of June 30, 1961, the amount to the credit of the Bank's National Agricultural Credit (Stabilisation) Fund stood at Rs. 6 crores; this Fund has not been drawn upon so far.

83. In the past decade or so, the Reserve Bank has not only played a major role in expanding and coordinating the credit facilities available to the rural sector, but has itself rendered an increasing measure of financial assistance to the co-operative sector, especially since the initiation in 1955 of the integrated credit scheme as recommended by the Rural Credit Survey Committee.

84. *Financial Accommodation to Co-operative Banks.*—During 1960-61, there was a further increase in the volume of finance made available by the Reserve Bank to State co-operative banks for financing seasonal agricultural operations and marketing of crops. Eighteen State co-operative banks were sanctioned credit limits aggregating Rs. 110.55 crores at the concessional rate of 2 per cent below the Bank rate, as compared to Rs. 93.55 crores sanctioned to 19 State co-operative banks during the previous year; in 1950-51, the credit limits sanctioned amounted to Rs. 7.62 crores. The *outstandings* of loans from the Reserve Bank to State co-operative banks for financing seasonal agricultural operations and marketing of crops stood at Rs. 100.11 crores at the end of 1960-61, as against Rs. 78.19 crores at the end of 1959-60 and Rs. 56.27 crores at the end of 1958-59. In addition, one State co-operative bank was sanctioned a credit limit of Rs. 1.90 crores at the Bank rate for meeting the working capital requirements of seven co-operative sugar factories, the outstanding amount of the loan at the end of the year being Rs. 1.85 crores. During the year, eleven State co-operative banks were sanctioned medium-term loans out of the National Agricultural Credit (Long-term Operations) Fund, for agricultural purposes, aggregating Rs. 4.68 crores as against Rs. 4.50 crores sanctioned to seven State co-operative banks in 1959-60. In order to minimise the use of medium-term loans drawn from the Reserve Bank for short-term purposes, the Bank raised the rate of interest on medium-term loans to State co-operative banks for agricultural purposes by $\frac{1}{2}$ per cent, effective November 1, 1960, the rate in force as from that date, namely, $2\frac{1}{2}$ per cent, being $1\frac{1}{2}$ per cent below the Bank rate, as against 2 per cent below the Bank rate earlier; of the total medium-term loans of Rs. 4.68 crores sanctioned during the year, Rs. 1.10 crores were sanctioned before November 1, 1960 at 2 per cent below the Bank rate. One of the conditions for the sanction of medium-term loans for agricultural purposes is that loans drawn from the Reserve Bank should be advanced to the ultimate borrowers *only* against mortgage of land. The Bank has decided to relax this condition in the case of medium-term loans of amounts below Rs. 500 made out of funds drawn from medium-term loans sanctioned by the Reserve Bank. In addition to the medium-term loans for agricultural purposes, the Bank sanctioned to one State co-operative bank a medium-term loan of Rs. 10 lakhs for a period of four years at the Bank rate for advancing, through central co-operative banks and societies affiliated to them, loans to small and medium cultivators to enable them to purchase shares in a co-operative sugar factory; this was the first loan sanctioned by the Bank under its scheme of financing agriculturists for this purpose announced in January 1957. The *outstandings* of medium-term loans stood at Rs. 8.81 crores at the end of 1960-61, as against Rs. 6.71 crores at the end of 1959-60 and only Rs. 22 lakhs at the end of 1954-55.

85. As in the previous years, the Reserve Bank continued to subscribe to the debentures floated by central land mortgage banks, besides giving advice in regard to the terms and timing of such floatations. During 1960-61, eight central land mortgage banks floated *ordinary* debentures for an aggregate amount of Rs. 9.97 crores, the period of maturity varying from 8 to 20 years. The Reserve

Bank's subscriptions to these debentures amounted to Rs. 23 lakhs. The Reserve Bank also continued to contribute to the rural debentures issued by central land mortgage banks; its contribution, as in the previous year, was slightly more than the subscriptions received from the public, the proportion being 8:7. During the year, the central land mortgage banks of Andhra, Madras, Gujarat, Orissa, Mysore and Maharashtra issued rural debentures of the total value of Rs. 1.55 crores. One of these series of debentures is still on tap, and the contribution by the Reserve Bank to four other debentures had also not been made as at the end of June 1961. The contribution to rural debentures made by the Reserve Bank so far during the year, i.e. up to end-June 1961 (including Rs. 8 lakhs for rural debentures floated in 1959-60) amounted to Rs. 27 lakhs. The debentures taken up by the Reserve Bank during the year carried interest at 4 per cent, while the rate offered to the public was higher, varying from $4\frac{1}{2}$ per cent to 5 per cent.

86. Further progress was made during the year in implementing the Reserve Bank's Scheme of handloom finance, introduced in April 1957. The *Ad Hoc* Advisory Committee on Handloom Finance, appointed in December 1959, held its first meeting in September 1960, at which various matters including those relating to the introduction of a pilot scheme in certain districts were discussed. The committee communicated their recommendations to the respective State Governments and the All-India Handloom Board. Broadly, the objectives of the pilot scheme are to bring within the co-operative fold as large a number of handlooms as possible in the areas selected, to expand their production and marketing activities, to strengthen the share capital structure of the central banks to enable them to provide adequate finance to weavers' societies, to study the organisational problems of weavers' societies, as well as to arrange for supervision and audit, technical assistance etc. Nine States have so far been selected for the intensive implementation of the pilot scheme. Officers of the Bank visited the pilot areas in seven of these States to study the progress made, and their study reports were forwarded to the State Governments concerned. Officers of the Bank also attended the Seminars held by the various State Governments to discuss problems relating to handloom finance. Further, a meeting of the representatives of central co-operative banks, industrial co-operative banks, apex weavers' co-operative societies, Registrars of Co-operative Societies and the Directors of Industries concerned, was held at Bangalore in June 1961 to discuss the difficulties experienced in the implementation of the pilot scheme.

87. During the year, credit limits aggregating Rs. 2.74 crores were sanctioned to twelve State co-operative banks under Section 17(2)(bb) or 4(c) of the Reserve Bank of India Act at the concessional rate of $1\frac{1}{2}$ per cent below the Bank rate for financing the production and marketing activities of weavers' co-operative societies.

88. Credit limits aggregating Rs. 50 lakhs were also sanctioned to two handloom weavers' co-operative societies in Madras and Andhra under Section 17(2)(a) or (4)(c) of the Reserve Bank of India Act at the Bank rate for financing bona fide commercial or trade transactions.

89. The Reserve Bank's Standing Advisory Committee on Agricultural Credit met twice during the year. Some of the important subjects discussed at these meetings were (a) recommendations of the Committee on Co-operative Credit, (b) policy regarding medium-term loans, (c) problems relating to land mortgage banking, (d) co-operative development in Madras and Andhra Pradesh, (e) agency for supervision of primary credit societies and (f) audit classification of co-operative societies.

90. The Report on the field study of urban co-operative banks and their working undertaken by the Agricultural Credit Department in collaboration with the Economic and Statistics Departments (a reference to which was made in last year's Report) was finalised during the year under review and will be published shortly. During the year, the Bank's Agricultural Credit Department was also associated with a study team set up by the Government of Andhra Pradesh to investigate the problem relating to financing of tobacco cultivation in that State.

91. **Inspection of Co-operative Banks.**—During the year under review, 291 co-operative banks, 6 sugar factories and 103 large-sized credit societies were inspected. Of the 1,420 inspections carried out so far, 80 were in respect of State co-operative banks, 1055 of central co-operative banks 12 of industrial co-operative banks, 9 of central land mortgage banks, 9 of sugar factories and 255 of miscellaneous societies.

SUPERVISION AND REGULATION OF BANKS

92. Inspection and Supervision of Commercial Banks.—The strengthening of the banking system and its development on sound lines through supervision and inspection of commercial banks continued to receive the special attention of the Reserve Bank. Sixty-five scheduled banks and 204 non-scheduled banks were inspected during the year under Section 35 of the Banking Companies Act, 1949. In addition, scrutinise of the affairs of thirteen banks were also undertaken, seven for issuing certificates under Section 44(1) of the Banking Companies Act, two for determining the amount of compensation payable in terms of Section 13(2) of the State Bank of India (Subsidiary Banks) Act, two for consideration of their amalgamation with other banks in terms of Section 45(4) of the Banking Companies Act, and two under the provisions of Section 36A(2) of the Act.

93. The Bank continued to pursue vigorously the rectification of defects observed in the working of banks. Periodical progress reports regarding the action taken for rectifying the defects indicated in the Inspection Reports were called for from 151 banks during the year. At the end of the year, 73 banks were submitting monthly progress reports and 206 banks quarterly progress reports. In some cases, informal discussions were held with the representatives of the banks concerned with a view to bringing pointedly to their notice the more important defects in the working of the institutions concerned and impressing upon them the need to take speedy action for improving their affairs. In cases where the findings of the inspection called for a stricter control over the affairs of the banks, suitable directives were issued to them for compliance. At the end of the year, 57 banks (comprising 20 scheduled and 37 non-scheduled) were working under directions issued under Section 35A of the Banking Companies Act. Moreover, in some cases, observers have also been deputed to attend the directors' meetings and to carry out periodical scrutiny of the current affairs.

94. The total number of banks which held licences at the end of June 1961 was 65 as against 66 a year earlier, the reduction being due to the cancellation of a licence granted to a scheduled bank consequent on the merger of its business in India with another scheduled bank. The deposits of these banks together with the deposits of the State Bank of India and its subsidiaries, which do not require a licence, accounted for about 96 per cent of the total deposits of all scheduled and non-scheduled banks working in India. Licences were refused to 5 banks during the year, bringing the aggregate number of banks to which licences have so far been refused to 138.

95. Liquidation of Banks.—During 1960-61, six commercial banks went into liquidation. Of these six, four had their registered offices in Kerala and one each in Madras and Madhya Pradesh. Four of these banks were ordered to be wound up by the Courts, while the remaining two went into voluntary liquidation.

96. Of the nine commercial banks which went into liquidation in 1959-60 (referred to in the last Report), one was a scheduled bank, *viz.* the Laxmi Bank which had been ordered towards the close of June 1960 to be wound up by the High Court of Maharashtra, following an application by the Reserve Bank in this behalf in terms of Section 38 of the Banking Companies Act. The Court Liquidator attached to the Maharashtra High Court was appointed as the Official Liquidator of the bank and liquidation proceedings were in progress at the end of the year. Of the six commercial banks which went into liquidation during the year under review, five were non-scheduled banks and one, a scheduled bank, *viz.* the Palai Central Bank. The financial position of the Palai Central Bank was found to be vulnerable and in order to safeguard the interest of the depositors, the Reserve Bank moved the Kerala High Court for the winding up of this bank early in August 1960. As the deposits of the Palai Central Bank were sizeable and the depositors spread over a large part of the country, the winding up of this bank caused some concern among the public. On August 8, the Reserve Bank issued a Press Note stating that there was no cause for a banking scare in Kerala and that the Bank would be prepared to grant financial assistance with the utmost expedition to any bank whose affairs were satisfactory. The Reserve Bank also decided to grant advances to banks in Kerala in terms of Section 18(1) (3) of the Reserve Bank of India Act, 1934. Advances actually granted to 5 banks under this Section amounted to Rs. 1.03 crores. Government securities of the value of Rs. 57 lakhs were also purchased from two banks to enable them to augment their cash resources. The closure of the Palai Central Bank affected public confidence to some extent, leading to a run on some banks, though this proved short-lived and was confined to a few specific areas.

97. The total deposits of the six banks which went into liquidation amounted to Rs. 9.94 crores, representing 0.5 per cent of the total deposits of scheduled and non-scheduled banks in India.

98. Measures taken to Strengthen the Banking Structure.—The failure of the Laxmi Bank and the Palia Central Bank underlined the urgent need for action to consolidate and strengthen the weaker segments of the banking structure. Although the Reserve Bank had been carrying out inspections of banks and pursuing the rectification of defects observed in their working, it was found that a large number of small and medium-sized banks had still not come up to the eligibility standard required for the grant of a licence under Section 22 of the Banking Companies Act. The existence of a number of weak units with numerous small depositors spread all over the country placed the banking system in a vulnerable position and the refusal of licences to so many banks would have led to undesirable repercussions on the banking system. This emphasised the need for the elimination of sub-standard and non-viable banking units through a process of amalgamations and mergers. In the absence of statutory provisions for compulsory amalgamation/merger, no significant progress had been made in this direction. It was, therefore, considered necessary to provide statutorily for the compulsory amalgamation of banks. Accordingly, by an amendment to the Banking Companies Act, which came into force in September 1960 (to which a detailed reference has been made in para 55), a new Section 45 was inserted empowering the Bank to formulate, with Government's approval, schemes of reconstruction and amalgamations of banks.

99. An essential preliminary to the framing of a scheme of reconstruction and amalgamation which generally requires a reasonable period of investigation into the affairs of a bank and consultation for bringing about the merger, is the grant of a moratorium. The amendment to the Banking Companies Act mentioned above empowers the Reserve Bank to apply to the Central Government for an order of moratorium in respect of the banking company concerned. The Bank applied to the Central Government for the grant of moratorium in respect of 34 banks upto the end of June 1961, and the Central Government granted the moratorium in all cases. Schemes of amalgamation in respect of 13 banks had already come into force by the end of the year.

100. Detailed mention has already been made (*vide* paras 57 and 58) of the proposals formulated by the Reserve Bank for reinforcing the capital structure as well as the cash reserves and liquidity requirements of banks. Other measures proposed for strengthening the banking structure include a general tightening of the Bank's inspection machinery and the introduction of deposit insurance. The fact that the Reserve Bank has wide powers of control over banks has naturally engendered in the minds of the general public a feeling that there is no danger of any bank failing and therefore that their moneys are quite safe. Although our inspections are not in the nature of audit, and it is not always possible to detect frauds, nevertheless, in view of the wide-spread feeling referred to earlier, it is necessary that we should make our inspection machinery more effective and ensure that, as far as possible, cases of fraud or other malpractices are detected in time. It has, therefore, been decided to introduce an element of surprise in the inspections conducted by the Bank, to inspect each bank at least once a year and the weaker banks more than once, and to inspect a larger number of branches of banks than hitherto. Government have also decided to introduce a scheme of deposit insurance as a measure of protecting the interests of the depositors and as an aid to banks in mobilising deposits. Necessary legislation for this purpose is expected to be undertaken shortly.

101. Miscellaneous Matters relating to Banking.—Nine banks were excluded from the Second Schedule during the year; two banks were ordered to be wound up by the High Courts, six amalgamated with other banks under Section 45 of the Banking Companies Act and the business in India of one bank was merged with another foreign bank. The total number of banks in the Second Schedule at the end of June 1961 was 86.

102. The total number of offices of scheduled banks went up during the year by 203 to 4,263. Of the new offices, 66 were opened at places not formerly served by commercial banks.

103. Only one scheme of amalgamation was sanctioned during the year in terms of Section 44A(4) of the Banking Companies Act, 1949.

104. During the year under review, two meetings of the Implementation Committee on the Indo-Pakistan Moveable Property Agreement and one meeting of the Implementation Committee on Indo-Pakistan Agreement on Banking were held, at which the various issues covered by the two Agreements, such as status of Indian displaced banks in Pakistan, freezing of bank balances of Indian banks, procedure for the transfer of accounts, lockers and safe deposits, repatriation of surplus assets of displaced Indian banks, position of banks working under schemes of arrangement and those in liquidation, etc., were discussed. Further meetings of both the Implementation Committees have since been held in July 1961 and agreement has been arrived at in respect of some of the issues mentioned above. Regarding the status of displaced banks (referred to in the last Report), the Pakistan Government has agreed that it would issue a notification exempting all displaced Indian banks from the operation of the Evacuee Property Law and declaring them as non-evacuee concerns. In regard to transfer of bank accounts and funds of evacuees from the areas comprising East Punjab and East Punjab States on the Indian side and West Punjab and Bahawalpur State on the Pakistan side, it has been agreed that (after the above-mentioned notification is issued), such transfer would take place as decided under the Banking Agreement already arrived at between the two Governments. Regarding the transfer of lockers and safe deposits from the two countries, it has been agreed that it would take place simultaneously with the transfer of bank accounts and funds from the above-mentioned areas. A detailed procedure has also been drawn up for the collection of the contents of lockers and safe deposits at Lahore and Delhi and their handing over to the diplomatic representatives of the other country. The date for exchange of lockers and safe deposits and bank accounts and funds has been fixed as September 30, 1961. As regards certain other areas (viz., Karachi and the former provinces of Sind, Baluchistan, N.W.F.P. and Khairpur State in Pakistan and all areas in India excluding East Punjab, East Punjab States and the territories which, immediately before November 1, 1956, were comprised in the States of Assam, West Bengal, Tripura, Manipur and Jammu and Kashmir), it has been agreed to transfer the accounts in this category on a matching basis and the lists of such accounts prepared on the basis of the applications received have been exchanged between the Central Banks of the two countries and pending their verification, consideration of the detailed procedure for their transfer has been postponed. It has also been agreed that banks in liquidation or working under schemes of arrangement in India which had not taken steps for the payment of their depositors in Pakistan would be persuaded to apply to the appropriate authorities in Pakistan for getting schemes sanctioned for their Pakistani branches or for making arrangements for the liquidation of their affairs in Pakistan as early as possible.

105. **Education and Training.**—The Bankers Training College set up in September 1954 under the auspices of the Reserve Bank for imparting training in practical banking to the supervisory staff of commercial banks has so far conducted 33 senior courses at which 882 officers of commercial banks from all over the country received training. The Intermediate Course, which is designed to provide training facilities to sub-managers, accountants, etc. (referred to in the last Report) was commenced in September 1960 and training was imparted to 89 candidates in 4 such courses conducted during the year.

106. Mention was made in the last Report of the commencement in July 1960 of the first specialised eight-weeks' Industrial Finance Course for the training of the supervisory staff of the State Financial Corporations and of member banks of the Refinance Corporation for Industry. At this course, 18 candidates drawn from the various State Financial Corporations and member banks of the Refinance Corporation for Industry received training. It has been decided to have normally one such Course every year.

107. Following a suggestion by the Advisory Council of the Bankers Training College that it was necessary to ascertain from time to time, by means of ad hoc enquiries, evaluations, seminars etc., whether the existing courses conducted by the College for the training of bank personnel were adequate and whether any modifications were called for in the light of past experience of banks, a seminar was organised by the Reserve Bank early in June 1961, which was presided over by one of the Deputy Governors and in which representatives of all categories of banks from all over the country participated. While the participating banks expressed general appreciation of the training given by the College, several banks offered suggestions on various aspects of the training schemes, which are at present being examined by the Bank.

108. The scheme of training of co-operative personnel, both departmental and institutional, made further progress during 1960-61. At the various courses conducted by the Central Committee for Co-operative Traini

intermediate level officers, 652 block level co-operative officers, 290 officers for co-operative marketing, 71 officers for land mortgage banking and 12,152 junior co-operative officers were trained during the year. In November 1960, the Government of India set up a Study Team on Co-operative Training to (i) examine the adequacy of the existing training arrangements for co-operative education and training and to suggest measures for making them commensurate with the requirements of co-operative development in the Third Plan, (ii) suggest measures as will ensure active association of non-officials interested in the training programmes, (iii) recommend the administrative set-up necessary for the effective administration and co-ordination of the training programme at various levels and (iv) assess the financial requirements. The Study Team has since submitted its Report to Government.

ACCOUNTS AND OTHER MATTERS

109. During the accounting year ended June 1961, the Bank's income, after making statutory and other provisions, showed an increase of Rs. 4.50 crores to Rs. 52.07 crores, and expenditure, which included the expenses of administration and provision for sundry liabilities and contingencies, of Rs. 2.0 crores to Rs. 9.57 crores. The net profit available for payment to the Central Government in terms of Section 47 of the Reserve Bank of India Act was Rs. 42.50 crores, as against Rs. 40.00 crores in the previous year. The main source of the increase in income during the year was the rise in earnings under interest resulting from increased holdings of rupee securities consequent on purchases from the State Bank of India in accordance with the revised procedure for the placement of F.L. 480 counterpart funds, and the funding of *ad hoc* Treasury bills for a further amount of Rs. 50 crores in January 1961, in addition to Rs. 150 crores funded in December 1959.

110. As in the previous year, a sum of Rs. 10 crores was transferred to the National Agricultural Credit (Long-term Operations) Fund to maintain the balance in this Fund at a reasonable level and a sum of Rs. 1 crore was contributed to the National Agricultural Credit (Stabilisation) Fund.

111. The increase of Rs. 2.00 crores in expenditure during the year was mainly under the heads 'establishment', 'security printing', 'agency charges', 'remittance of treasure' and other miscellaneous expenditure. The expenditure under establishment rose on account of the opening at Bangalore of an office of the Department of Banking Operations and the expansion of staff particularly in the Issue Department to cope with the increased work in connection with examination and verification of notes. The increase under 'remittance of treasure' was due to larger remittances, consequent on the increase in the number of currency chests and that under 'security printing' to larger indents for note forms. The rise under agency charges reflected the increased turnover of Government transactions and provision made for the payment of arrears of commission payable to the State Bank of India at the revised rates retrospectively from April 1960, in terms of the agency agreement concluded with that Bank on March 16, 1960.

112. **Auditors.**—The Accounts of the Bank have been audited by Messrs. S. B. Billimoria and Co. of Bombay, Messrs. P. K. Ghosh and Co. of Calcutta and Messrs. Sastri and Shah of Madras, who were appointed by the Government of India as auditors of the Bank by Notification No. F. 3(66)-BC/60, dated October 11, 1960 issued in exercise of the powers conferred by Section 50 of the Reserve Bank of India Act.

113. **Composition of the Central Board.**—Sarvashri Kasturbhai Lalbhai, Shri Ram, B. M. Birla and C. R. Srinivasan retired as Directors of the Central Board on the expiry of their term of office on January 14, 1961. The vacancies were filled by the Central Government by the nomination of Sarvashri R. G. Saralya, Mehr Chand Mahajan, B. P. Singh Roy and K. Ramunni Menon, in terms of Section 8(1)(b) of the Reserve Bank of India Act, with effect from January 15, 1961. The Board place on record their high appreciation of the valuable services rendered by the retiring Directors all through their long association with the Reserve Bank.

114. In the Report for 1958-59, mention was made of the creation of two posts of Executive Directors, with effect from July 9, 1959, consequent on the vacation of office by Shri Ram Nath as Deputy Governor of the Bank. A third post of Executive Director was created to cope with the multifarious and increasing responsibilities falling on the Bank in connection with bank amalgamations, inspections and banking legislation and Shri D. R. Joshi, lately Secretary and Treasurer of the State Bank of India, Calcutta, was appointed to this post. Shri Joshi took up his appointment on June 1, 1961.

115. Local Boards.—The term of office of the Members of all the four Local Boards of the Bank expired in January 1961, and, in accordance with the provisions of Section 9(3) of the Reserve Bank of India Act, the Central Government constituted new Local Boards for the Western, Eastern, Northern and Southern Areas as from January 15, 1961.

116. Meetings of the Central Board and its Committee.—Seven meetings of the Central Board were held during the year, four in Bombay and one each in Calcutta, New Delhi and Madras. The Committee of the Central Board held fifty-one meetings, of which five were in Madras, four in Calcutta, one each in New Delhi and Bangalore and the rest in Bombay.

117. Bank's Premises.—During the year ended June 1961, the construction of Officers' Quarters at Cadell Road, Bombay was completed and the construction of an office building at Lamington Road, Bombay, taken in hand. The construction work of the Bank's new office building in Calcutta and the Co-operative Training Centre at Madras is in progress. Plans for new office buildings of the Bank at Kanpur, Bangalore and Patna are being scrutinised and the construction work of the buildings is expected to commence shortly. The question of providing additional residential accommodation to the staff in Bombay as well as at other centres is engaging the Bank's attention.

118. Opening and Closing of offices or branches of the Reserve Bank and Changes in Organisation and Management.—During the year under review, an office of the Department of Banking Operations was opened at Bangalore from July 1, 1960. A regional office of the Agricultural Credit Department at Ahmedabad and sub-regional office at Trivandrum were also opened from June 16, 1961.

RESERVE BANK OF INDIA

Balance Sheet as at June 30, 1961

ISSUE DEPARTMENT

| LIABILITIES | | | | | ASSETS | | | |
|--------------------------------------|----------------|-----|--------------|-----|---|-----|----------------|-----|
| | Rs. | nP. | Rs. | nP. | Rs. | nP. | Rs. | nP. |
| Notes held in the Banking Department | 44,81,23,221 | 00 | | | A. Gold Coin and Bullion :— | | | |
| | | | | | (a) Held in India | | 117,76,02,749 | 97 |
| | | | | | (b) Held outside India | | | |
| Notes in circulation | 1933,40,80,533 | 00 | | | Foreign Securities | | 103,00,89,629 | 06 |
| Total Notes issued | 1978,22,03,754 | 00 | | | | | | |
| | | | | | Total of A | | 220,76,92,379 | 03 |
| | | | | | B. Rupee Coin | | 120,52,46,913 | 55 |
| | | | | | Government of India Rupee Securities | | | |
| | | | | | | | 1636,92,64,461 | 42 |
| | | | | | Internal Bills of Exchange and other Commercial Paper | | | |
| TOTAL LIABILITIES | 1978,22,03,754 | 00 | TOTAL ASSETS | | | | 1978,22,03,754 | 00 |

BANKING DEPARTMENT

| LIABILITIES | | | ASSETS | | |
|--|----------------------|-----------|-----------------------------------|----------------------|-----------|
| | Rs. | nP. | | Rs. | nP. |
| Capital paid-up | 5,00,00,000 | 00 | Notes | 44,81,23,221 | 00 |
| Reserve Fund | 80,00,00,000 | 00 | Rupee Coin | 1,33,597 | 00 |
| National Agricultural Credit (Long-term Operations) Fund | 50,00,00,000 | 00 | Subsidiary Coin | 1,61,753 | 46 |
| National Agricultural Credit (Stabilisation) Fund | 6,00,00,000 | 00 | Bills Purchased and Discounted :— | | |
| | | | (a) Internal | | |
| | | | (b) External | | |
| | | | (c) Government Treasury Bills | 35,53,02,823 | 52 |
| Deposits :— | | | Balances held abroad* | 10,77,61,687 | 80 |
| (a) Government :— | | | Loans and Advances to Governments | 34,29,69,850 | 80 |
| (1) Central Government | 59,68,32,956 | 10 | Other Loans and Advances | 130,41,34,477 | 44 |
| (2) Other Governments | 15,18,03,698 | 34 | Investments** | 189,49,12,548 | 21 |
| (b) Banks | 94,72,93,247 | 15 | Other Assets | 25,94,67,936 | 08 |
| (c) Others | 115,27,27,139 | 07 | | | |
| Bills Payable | 31,19,20,963 | 38 | | | |
| Other Liabilities | 14,23,89,891 | 27 | | | |
| TOTAL LIABILITIES | 471,29,67,895 | 31 | TOTAL ASSETS | 471,29,67,895 | 31 |

Contingent liability on partly paid shares Rs. 4,06,66,666.67
(including sterling investments of £ 50,000 converted at the rate of 1 sh. 6 d.).

*Includes Cash and Short-term Securities.

**Includes £ 250,000 held abroad.

N. D. NANGIA,
Chief Accountant.

Dated July 20, 1961.

H. V. R. IENGAR,
Governor.
B. VENKATAPPIAH,
Deputy Governor.
M. V. RANGACHARI,
Deputy Governor.

RESERVE BANK OF INDIA

PROFIT AND LOSS ACCOUNT

FOR THE YER ENDED

June 30, 1961 June 30, 1960 June 30, 1959

INCOME Rs. nP. Rs. nP. Rs. nP.

Interest, Discount, Exchange, Commission etc. 52,07,05,659 66 47,56,98,191 33 47,25,60,478 53

EXPENDITURE

| | | | | | | |
|--|--------------|----|--------------|----|--------------|----|
| Establishment | 4,39,64,597 | 52 | 3,99,90,211 | 06 | 3,78,09,386 | 14 |
| Director's and Local Board Members fees and expenses | 80,415 | 28 | 79,157 | 30 | 70,519 | 60 |
| Auditor's fees | 30,000 | 00 | 22,500 | 00 | 22,500 | 00 |
| Rent, Taxes, Insurance, Lighting, etc. | 26,07,806 | 11 | 21,46,682 | 16 | 19,29,808 | 41 |
| Law Charges | 79,450 | 75 | 47,296 | 40 | 1,09,229 | 73 |
| Postage and Telegraph Charges | 3,64,096 | 82 | 3,44,744 | 30 | 3,24,117 | 25 |
| Remittance of Treasure | 33,29,148 | 77 | 20,27,926 | 67 | 46,24,122 | 47 |
| Stationery, etc. | 10,53,252 | 47 | 9,61,034 | 03 | 8,12,072 | 10 |
| Security Printing (Cheque, Note Forms, etc.) | 1,74,51,898 | 05 | 1,19,78,666 | 19 | 1,14,98,408 | 34 |
| Depreciation and Repairs to Bank Property | 53,54,407 | 67 | 46,33,013 | 68 | 23,63,393 | 19 |
| Agency Charges | 1,75,17,517 | 59 | 1,01,12,875 | 95 | 1,00,28,088 | 37 |
| Contributions to Staff and Superannuation Funds | 7,32,000 | 00 | 7,32,000 | 00 | 4,63,000 | 00 |
| Miscellaneous Expenses | 31,40,173 | 13 | 26,09,481 | 10 | 24,83,111 | 06 |
| Net available balance | 42,50,00,895 | 50 | 40,00,12,602 | 49 | 40,00,22,721 | 87 |

Total 52,07,05,659 66 47,56,98,191 33 47,25,60,478 53

FOR THE YEAR ENDED

June 30, 1961 June 30, 1960 June 30, 1959

Rs. nP. Rs. nP. Rs. nP.

| | | | | |
|---|--------------|-----------------|-----------------|-----|
| Surplus payable to the Central Government | 42,50,00,895 | 50 40,00,12,602 | 49 40,00,22,721 | 87 |
| Balance Carried forward | Nil | Nil | Nil | Nil |
| Total | 42,50,00,895 | 50 40,00,12,602 | 49 40,00,22,721 | 87 |

RESERVE FUND ACCOUNT

| | | |
|--|--------------|----|
| By balance on June 30, 1961 | 80,00,00,000 | 00 |
| By transfer from Profit and Loss Account | Nil | |
| Total | 80,00,00,000 | 00 |

N. D. NANGIA,
Chief Accountant.H. V. R. IENGAR,
Governor.
B. VENKATAPPIAH,
Deputy Governor.
M. V. RANGACHARI,
Deputy Governor.

REPORT OF THE AUDITORS

TO THE PRESIDENT OF INDIA,

We, the undersigned Auditors of the Reserve Bank of India, do hereby report to the Central Government upon the Balance Sheet and Accounts of the Bank as at 30th June, 1961.

We have examined the above Balance Sheet with the Accounts, Certificates and Vouchers relating thereto of the Central Office and of the offices at Calcutta, Bombay and Madras and with the Returns submitted and certified by the Managers of the other Offices and Branches, which Returns are incorporated in the above Balance Sheet, and report that where we have called for explanations and information from the Central Board such information and explanations have been given and have been satisfactory. In our opinion, the Balance Sheet is a full and fair Balance Sheet containing the particulars prescribed by and in which the assets have been valued in accordance with the Reserve Bank of India Act, 1934 and the Regulations framed thereunder and is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Bank.

Dated July 20, 1961.

S. B. B. ILLIMORIA & Co.,
P. K. GHOSH & Co.
SASTRI & SHAH } Auditors

(No. F.3 (45)-BC/61).

A. BAKSI, Joint Secy.